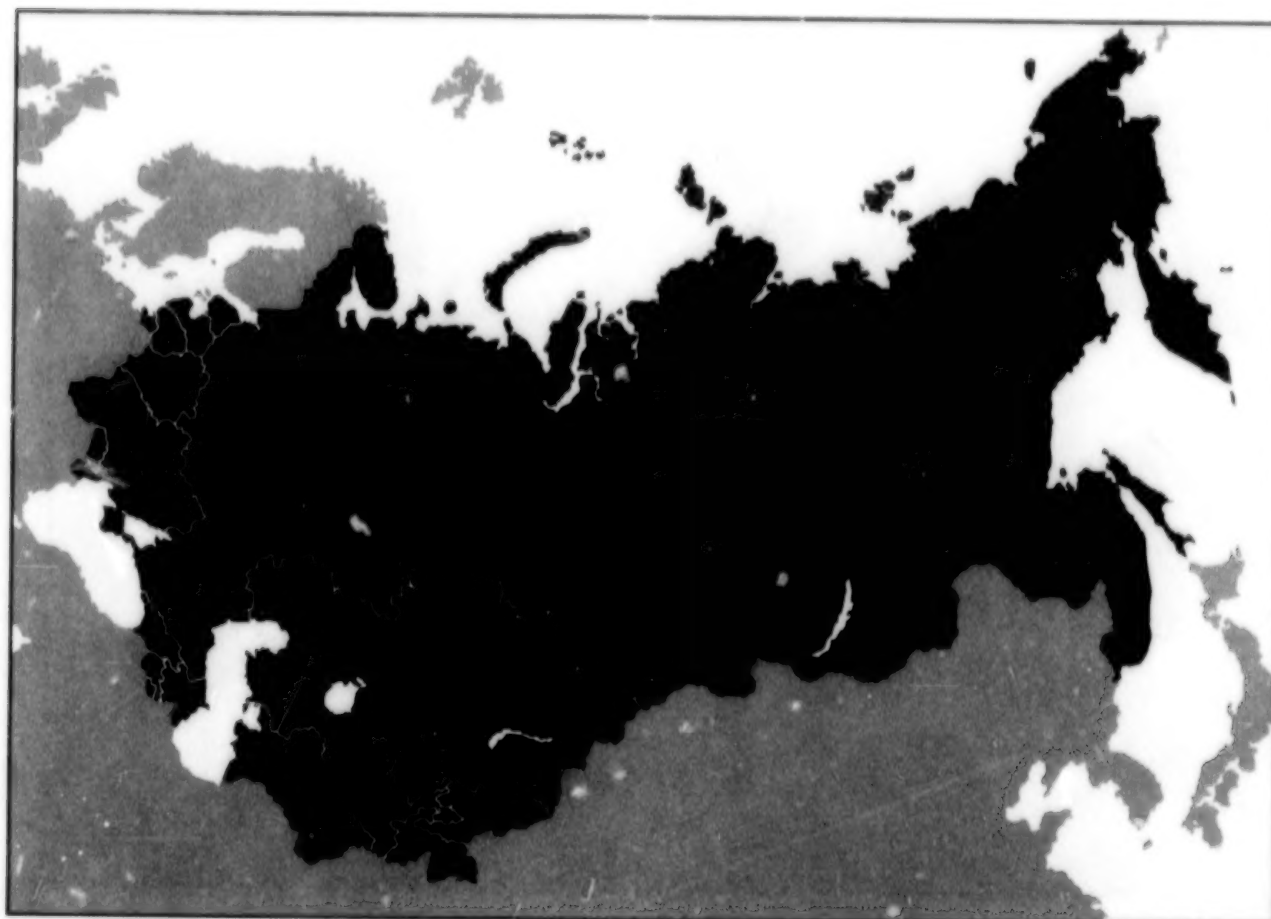




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CENTRAL EURASIA

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POLITICAL AFFAIRS

Chernomyrdin on Economy, Elections

944F0203A Moscow *SEGODNYA* in Russian
25 Nov 93 p 9

[Interview with Prime Minister Viktor Chernomyrdin by Mikhail Leontyev; place and date not given: "I Am for a Normal Strict System of Work"]

[Text] [Leontyev] Viktor Stepanovich, what is your assessment at this moment of the situation in the country and in the economy? What has changed, for example, compared with the start of your work as premier?

[Chernomyrdin] The state of affairs in the economy is complex. We knew that we would not accomplish the main tasks in a year. If you have noticed, I have never declared that we could overcome the decline in the economy and fully stabilize the financial system this year. Even in a well-oiled economy this would require considerable effort for this process is quite complex. The year of 1993 is a past stage for me today. I have on my desk a very thick volume—the plan for 1994, and we need to be thinking about 1995 already and determining the main positions there. Remember the end of 1992. Could we at that time have said there and then in what kind of state Russia and its economy would find itself? I asked for three months at that time to determine our positions, and it took a tremendous amount of work to sort everything out.

The main problem now is that the slump in production has not been halted. But we have checked it. According to the estimates of all experts: the State Committee for Statistics, the Ministry of Economics, independent experts, the rate of the decline in the extent of production is no longer the same. The sole thing that we have achieved, and which is very important, in my opinion, is that everyone has begun to understand what needs to be done. It has been possible to guide the work of the government into a normal channel. What was it like before—one person would rush into the office with one question, another person with another; they would get together—talk a bit, go their separate ways, get together again. My office door was never closed. There is none of this running about and bustle now. Each of my colleagues has begun to understand his place in the chain. When each of them comes to work and knows what he should be doing and what in actual fact he is doing. This is a result in itself.

The regions understand us better now. Nikolay Dmitriyevich Yegorov, head of the administration of Krasnoyarsk Krai, has just been to see me. A year ago conversations with the administration chiefs were bizarre from the viewpoint of a normal economic system. With any of them, whatever you would take up, whatever you would ask about—everything was disconnected, as they say. But now Yegorov tells me: "We don't need anything, I am inundated with commodities, foods, I have a single question—take the commodity product." This is to me like balm to the soul. Particularly after recent times, when everyone was coming and asking: Give us fertilizer, give us

gasoline, give us money—we have nothing with which to settle accounts. And now they are saying: Take it, I am inundated with merchandise.

[Leontyev] Many people will now be coming who will say: Take the commodity products from me because the prices of these products are such that no one wants to purchase them....

[Chernomyrdin] I told him: If you have products, go and find where you can sell them. Can you sell them for export? "Yes." Get me a piece of paper, I will write out export authorization right here. After all, we purchase vegetable oil abroad. We do not have enough of our own. But if Yegorov has had sunflower piling up for a second year and he cannot sell it for the price he wants, let him sell it overseas and put his affairs in order today. And it is easier for me subsequently to purchase this sunflower either from Yegorov from the new harvest or from someone else. It is altogether possible now to talk normally about business, about projects, about construction, about investments. Remember last year: After the first quarter of austere financial policy, everything had begun to slide in different directions. And the brakes came to be applied to this policy not just somewhere but here, in the government. We were squeezed from the right—preferential credit had to be given—and from the left—and we gave once again, and thus to everyone who bawled the loudest—without a system. Or people would think up calls from above in even more scathing terms: "I have just given permission for the sale of the rubber, but you, on the other hand, will not sign...." This is not how it is with me. If I have stamped something, so, consequently, that's it—it should be done. I am not saying that I am completely satisfied with the results but we have in this respect guided the work of the government into a normal channel.

I am frequently asked whether I am a "monetarist" or not. But I simply know from my own experience what finances mean, how to handle them, and of what they are composed. Sharing out, distributing, giving something, or not giving—this is not our main job. At this moment it is not so much expenditure as revenue that worries me. Spending can, after all, always be cut, but how to raise revenue—it is constantly necessary for us to thoroughly cudgel our brains over this. But when I declare, for example, that we need to concentrate further on the "left column"—the revenue side—I am immediately told: "You are for state regulation." I am for any regulation. As head of the government, as a representative of the state, I am for the efficient operation of all forms of ownership and for the market being filled thanks to an increase in production, not thanks to a squeezing of demand and the spread of poverty, when commodities are not purchased because they are beyond people's means. It is with such a real market that prices begin to decline. That many people cannot knock down prices because these are not covering production costs is another matter. Yes, the market is the market. It is necessary to make shift, cut costs, invest money in more efficient production, and make money on something else. If some executives do not understand this, they will have to give way to those who will understand and who will

manage according to the laws of the market. To those who inquire whether I am a "monetarist" I reply that I am for a normal strict system of work. Primarily in the financial sphere. If I lack the money, how can I distribute it? We worked all last week to determine what kind of budget deficit we could permit ourselves—R11 trillion, R13 trillion, R17 trillion or, for all that, R20 trillion. But, in any event, we have to view both sides—both expenditure and revenue. We have to ascertain what still may be done in terms of an increase in the revenue side. This is the main thing for us. And not only for the present, for the future also. If we compare the situation with a year ago, the government's priority attention to a growth of the country's revenue is the main difference.

[Leontyev] There have been several attempts to tighten financial policy. A system of measures which appears very impressive has been implemented since September. The strongest decision, in my view, was plainly historic—the ban on preferential credit. Is it true that preferential credit is not being granted now?

[Chernomyrdin] It is not and will not be granted. I do not speak with anyone on this topic today.

[Leontyev] Are attempts made?

[Chernomyrdin] Not with me.

[Leontyev] How many times has the government attempted to stop preferential lending? And not once has it succeeded in resisting the pressure of lobbyists. Are you absolutely sure that the government will not grant preferential credit?

[Chernomyrdin] We moved toward this consistently, step by step. It cannot be done as follows: Chernomyrdin suddenly went and banned it all at once. It had to be understood what lies behind preferential credit, what the returns from it are. Many enterprises and certain sectors have amassed preferential credit and now do not know how to return it. A whole chain had to be laid out to prepare ourselves for the cancellation of preferential credit. When, in August, the government program was being discussed, we warned specially that there would be no more preferential credit. Some people did not believe it, possibly, but are now seeing for themselves that the times of extracting money in Staraya Ploshchad are gone.

As of the start of November all centralized credit goes via the Credit Commission, which is headed by Vice Premier Boris Fedorov. I summoned him and said: All decisions of the Credit Commission are now to come to my desk. And until I sign, not a single issue of credit goes anywhere. For Fedorov sees one side: what may be allocated. It is the other side, though, that worries me: Credit has been taken, and what is the result? I want to see who is using credit and how. Not, God forbid, preferential credit—this is ruled out. I do not say things twice. And I have to say that when everyone understood this, my own work became easier. When, incidentally, we raised the bank rate to 170 percent and, subsequently, to

210 percent, it was I who put pressure on Gerashchenko. For it was extremely necessary to reduce the number of those wishing to thrust their hand into the state pocket.

[Leontyev] There is and has been influential opposition to the tightening of credit policy and the measures pertaining to the promissory-note formalization of enterprise debt, in both the government and in the Central Bank, which is now under its jurisdiction, included. Does it not seem to you that this resistance is connected with the fact that some people cannot imagine the bankruptcy of state-owned enterprises. After all, the reform also is with us minuscule as yet: A decline of 40 percent, it is said, and unemployment is not in sight, and there are no real bankruptcies?

[Chernomyrdin] Let us look at the root of the matter: Why are there no bankruptcies? Bankruptcy for Russians is something new, incomprehensible. When I visit outfits, I get the impression that people perceive such a possibility with fear and trembling, as the end of their lives, just about. Hundreds of bankruptcies occur in the world. Daily. But this does not cause social explosions or revolutions.

Yes, there is a misunderstanding of this problem in our society, and it needs to be calmly explained to people what bankruptcy is and what lies behind it. A very important question is: Who today should be declared bankrupt if with us everyone, essentially, is in the position of a bankrupt. Even my beloved Gazprom, whom the consumers are not paying.

[Leontyev] But if the bill of exchange is circulated on the market, I can redeem my note at market value and sell the note of a defaulter. For some reason everyone is afraid that the circulation of bills will lead to the fearful collapse of a mass of enterprises.

[Chernomyrdin] It is not this they are afraid of. They are afraid of something else, that tomorrow someone will come and buy up the enterprises. And that people will find themselves there in the position of wage laborers. We were raised to believe that all around us belongs to the people. But let us go back to the beginning. Bankruptcies are essential, Russia cannot cope without them. But one question has to be settled before this. First I, representing the state, have to settle accounts for the government order with my enterprises and clear my outstanding debts. Meanwhile, however, they have me by the throat because I, as the party operating on behalf of the state, have not settled my accounts.

When we have done this, the arrow will immediately swing over to the enterprise: If you provide products without money, you yourself answer to the bank. And, finally, the third stage—activation of the bankruptcy procedure, with the aid of bills of exchange included. Having, of course, explained and perfected the mechanism well in advance and so forth. Now as far as the bills of exchange are concerned. To whom, for example, will the enterprise give the bill?

[Leontyev] To whom it is in debt. To the bank.

[Chernomyrdin] And what kind of banks do we have today? Why are we today entangled in nonpayments? Are the banks capable of tackling these matters, keeping an eye on the returnability of the credit? The bank is the main link in the lending mechanism. If we allocate credit, I must know who can return the credit to me. I have to work via the bank. And are there banks that know how to administer such credit, to grant it on the strength of a privatized enterprise, for example? And thus in any matter. With bills of exchange also. In a word, the banks also with us do not yet know how to work with the enterprises, and people are afraid that they will be "bought up." But what, pray, is the difference in principle to the worker for whom he works? Our Finnish partners—the Neste Oil-Refining Company—say, have a refinery in America. There is nothing special about this. We, though, have been reiterating for 76 years that we work for ourselves, we are an owner-people.... And it comes hard now to share property even with our immediate neighbors.

My position, and I put it to the test in every instance—we need to share property more boldly with Kazakhstan, with Ukraine. We should not be afraid of creating joint property with Kazakhstan and with America and with Germany. I was speaking with Nazarbayev recently. He requested: Open the pipe to Pavlodar, the plant is at a standstill there, there are 3 degrees of frost. And he cannot say anything to our oil workers because the consumers in Pavlodar are not paying them.

[Leontyev] Before sharing property, payments should be settled, surely?

[Chernomyrdin] Right. But I have to say that if enterprises in Russia and Kazakhstan had joint property, they could come to an arrangement between themselves. They cannot come to any arrangement with either the Russian or the Kazakh Governments. The government should not indicate to whom petroleum products are to be pumped and where. Its business is collecting taxes. We governments should create the conditions for these enterprises, and then they themselves would decide what to pump to whom and where. They would supply Nazarbayev with both gasoline and fuel, and we in Moscow should not even know about this.

This is a paradox: Kazakhstan is not paying the Tyumen oil workers, our Samara is not paying the Kazakhstanians for Tengiz oil. And President Nazarbayev is calling Moscow on this issue. This is not a matter for the president, in my opinion. Let us gradually create joint property, although this is not easy. What is needed is a legislative base and firm confidence that there is in both states a mechanism making it possible to pool property on mutually beneficial conditions.

[Leontyev] Agreement was reached with Belarus, incidentally, on the transfer of the Belgaztrans. Had Ukraine transferred to us this pipe, instead of the fleet, this would have been far more beneficial to both of us, perhaps?

[Chernomyrdin] Ukraine is in a difficult situation. Leonid Kuchma understands this very well and was prepared to

adopt this measure. And, generally, when we created the Gazprom stock company (back in 1989), it was anticipated that there would be three founders: Russia, Ukraine, and Belarus. While we were organizing, the Soviet Union collapsed. We made an offer to the Ukrainians and Belarusians—join. At the final stage Ukraine declined.

[Leontyev] They obviously thought that if they had a transit pipe, they were the monopoly owners?

[Chernomyrdin] Obviously. Even at that time the system was operating splendidly with the gas operators, it only needed transferring to new economic relationships. And we are today within the framework of the CIS only just beginning to "mature." I say this because it is painfully offensive that today everyone is suffering. And why are we suffering? Because we do not understand what we actually possess.

[Leontyev] It seems to me that some people understand pretty well. That same Ukraine is reluctant for political considerations to pursue an austere financial policy, if only to the same extent as in Russia, and prefers to throw some of its money issue into Russia. Agreement has now been reached on the creation of a new-type ruble zone. Is there a danger that steps to unite the monetary systems will be taken before the creation of all the stipulated conditions: standardized legislation, credit, and budgetary emission policy? Especially since there is no confidence that all the states that have agreed to enter this zone can achieve such a level of financial policy as Russia.

[Chernomyrdin] This is why the negotiating process is under way. We have signed an agreement with Kazakhstan, they ratified it in the Supreme Soviet. We said: Good, now let us fulfill the agreement, and until all the conditions are met, there will be no unification of the monetary systems. We told our Kazakhstani colleagues: If you want the ruble, provide 50 percent gold backing. They saying: Where do we get the gold from? Then provide collateral, Baykonur, for example, mineral deposits at your discretion. Finally, they called me: We will introduce our own currency. And quite right. But it needs to be clearly recognized here that one's own paper currency also needs to be supported by something substantial—foreign currency, gold, deposits, real property. And we will help in a technical respect. If the Kazakhstani currency needs to be printed, we will print it, send it to specialists. We will standardize monetary policy in parallel. And if we achieve the result we seek, either a joint monetary system based on the Russian ruble or a payments union based on the two national currencies will be created. If not, things will remain as they are. An agreement on government credit was signed here. But we are allocating far less of it than agreed. Because it is not working—it is not possible for us to grant more. They cannot settle accounts with us even with respect to previous credit.

But I see our mission as follows: We do not have the right to say to the CIS countries: Let them get out of the crisis how they wish, this is not our business. We need them like they need us. Our immediate neighbors are our

market, we have no other. If we roll back our partners further and further, we shall only make the situation in Russia worse. The West does not need us, they are reluctant to admit us to their markets. The European Union has imposed on us an aluminum export quota. We can export 1.2 million tonnes, but they are allowing us only 230,000 tonnes. And what are we to do? The situation with us has come to be such that all of aluminum industry is located at hydropower cascades—cheap energy. We attempt to persuade the Danes and the Austrians: Why are you overpaying in West Europe if you can purchase more cheaply from us? But they have an "arrangement" with their Western partners. Well, we will find sales markets, all the same. But why should we lose them here, next door? In order subsequently to create everything from scratch?

[Leontyev] You once said that a most important miscalculation of the reform was the fact that energy prices were not among the first to be released. I would imagine now that this can no longer be done so abruptly—there would be a new price surge. On the other hand, hard work is being done either on the release or on the raising of energy prices. How long will this go on?

[Chernomyrdin] It is the case that a most flagrant error was committed here. And it will take years to rectify it. Even then, in 1991, I was saying and now repeat: Fuel prices should not have been released together with but if only a couple of months sooner than the rest. Had this been done, there would not have been such a price jump. Everything, however, was done the other way about.... Whatever, we will continue, for all that, the liberalization of the price of energy. The decree on liberalization of the price of coal was only the start. But we said that in releasing the price of coal we would at the same time keep the subsidy at the 1993 level for the time being. For the actual situation in the coal industry is such that without liberalization it will not rise to the level of market requirements. On the other hand, coal industry worldwide is, as a rule, subsidized.

[Leontyev] The German Ruhrkohle company has been forced to lay off miners and close mines because the state can no longer pay the subsidies.

[Chernomyrdin] This is true. They warned five years ago that they would be at the point of closing the mines by the mid-1990's. In releasing the price of coal we also say that we will now grant subsidies at the 1993 level and will subsequently reduce the subsidy, closing unprofitable mines. We know the names of the mines that we will close, this will take five years and more. The main criterion—what will the oil and gas market do for us? Today the price of gas is controlled—we will release it, but within the limits of the current percentage inflation.

[Leontyev] That is, the price level that was established in the summer will actually continue?

[Chernomyrdin] Yes, only with regard for inflation. We thought about switching immediately to world prices, especially since our pipe is at world prices. But not all with

us is at the world level, unfortunately. We would once again be a third-rate country, which I simply cannot allow. If we raise prices to the world level, the entire product has to be at the world level. God himself, as they say, created our system such that it lends itself to regulation. We have now sharply reduced the number of energy exporters. In terms of gas there continues to be one, as there was before, and in terms of oil we have reduced them to the minimum. There needs to be regulation, of course, but there is a problem elsewhere even: The world economy itself and the oil market regulate our exports. First, unchecked exports could lead to catastrophe, which is what is feared overseas. Second, we have two oil pipelines, one of which essentially works for the West, and the oil ports have just about all come to be outside of Russia.

[Leontyev] If, as is said, there are technical restrictions on exports, why curb them?

[Chernomyrdin] We are not. Even though some people will say that the government or Chernomyrdin personally curbed someone or other in terms of oil or petroleum products in the summer. We are holding them back in terms of particular categories of oil. In the summer, gasoline, in winter, fuel oil and diesel fuel. I even sent Shafranik to Europe to see where else oil could be sold. On the contrary, we have reduced production this year only because we could not push the product onto the West. As far as prices are concerned, we cannot continue to hold them for we would kill off these sectors. With regard for inflation, therefore, the price of energy has to grow, but these prices will be "in line" with the rest.

[Leontyev] It is obvious that it is the fuel and energy complex that will be the engine of the development of the Russian economy in the coming years. What will the structure of the fuel and energy complex be? The entire world market is built on powerful structures, corporations capable of implementing long-term investment and marketing policy. Capable of acting as full partners in the face of Western investors. On the other hand there is the so-called "concept" of the development of the energy complex which regards the fuel and energy complex as the infrastructure for the rest of the economy.

[Chernomyrdin] Such a concept will not fly. It is wrong in principle. The opinion that the fuel and energy complex has determined the structure of all of national industry with cheap raw material has long been expressed. This can no longer be achieved. The structure itself has taken a different shape. This might still be understandable in gas industry, this was always in principle one big enterprise with a different set of infrastructures. Oil is a different matter. Russia's oil complex is today most intricate, powerful, and unwieldy. Our position is not that of keeping it like this. When we formed the Gazprom, I tried to persuade Nikolay Ryzhkov, chairman of the Council of Ministers, that all the oil industry workers should have been separated into independent corporations even earlier. Western Siberia, one company, the Urals-Volga region, another, Komi-Arkhangelsk, a third. A concept was drawn up even

whereby we gas industry people would follow the oil industry workers. But, unfortunately, everything was done the other way about there also.

The oil industry people can no longer be kept in this condition today. We need to form strong companies which can operate on both the foreign and the domestic markets and which are capable of undertaking large-scale investment projects. What Rosneft represents today is for a particular period. Even now there are proposals in respect to a further two new companies, and subsequently a further four will be added to them. Such a form of enterprise as the Gazprom is entirely unsuitable for the oil industry workers. The conditions are completely different: in Tyumen, some, in Bashkiria, others, in Tataria, yet others. And what is proposed by the "energy concept" about which you spoke is out of date and backward. It is the well-known policy of the State Planning Committee. What sugar daddy would feed this service structure? Which budget, government, state? This all-feeding state no longer exists today.

Things are more complicated with power engineering itself. It has been the case with us historically that Krasnoyarsk, Novosibirsk, and Chita, for example, have had the cheapest electric power, and the Far East has barely enough of its own sources, aside from inferior-quality coal. A hundredfold difference in the price of electricity. Different approaches, obviously, are needed in electric power engineering.

[Leontyev] Viktor Stepanovich, will you take part in the elections?

[Chernomyrdin] I? God forbid, no. I stated as much long since. But I myself added that ministers could take part in the elections. I can justify this. Inasmuch as the campaign period is short and the nomination of candidates has been hasty, it is hard to say who will be in parliament and from where. I believe that the presence of members of the government in the State Duma and the Federation Council will have a stabilizing effect.

[Leontyev] Nonetheless, what do you expect from these elections? What kind of parliament would you like to see? Inasmuch as it is now easier for you, surely, to work without a parliament, when no one is harassing you.

[Chernomyrdin] Well, you know, it is and it isn't. It is easier in the sense that time does not have to be spent on struggle, explanations, persuasion. After all, there were discussions lasting many hours, and on several occasions I would go to the Supreme Soviet, they would come here.... This was a tremendous amount of work. And useless, unfortunately. A futile waste of efforts, health, time.... What do I now expect of the future parliament? I would like to think, of course, that there will be people who can work in the Federal Assembly on a professional basis, who know how to do something in practical terms and who are capable of creating a dependable mechanism of administration of the new state. I would not want everything to once again proceed in the old way: The deputy comes, makes a noise, does some foolish things, and drives off

home. The president and the government are now issuing and preparing decrees that say: "with subsequent presentation for approval to the Federal Assembly."

[Leontyev] Are you not afraid that this will be a professional duma, it will consist of highly professional lobbyists and they will go nowhere, unfortunately?

[Chernomyrdin] There's no avoiding this. People who have come to the duma for two years cannot help but think about what they should do for the region, for those who elected them. After two years they will go back. This is inevitable.

[Leontyev] Are you sure that the government is capable at this time of resisting the pressure of lobbyists?

[Chernomyrdin] Absolutely. We coped with the others, we will cope here also. There are no problems. For me this question does not exist. That the government itself might not get going here is another matter. Such extra insurance as the new Constitution is needed here. And I am concerned today not so much by the elections as by whether the Constitution will be adopted or not. If there is a Constitution, we will live by the Constitution. What the government is authorized in accordance therewith to decide, it must decide. If the government is not authorized to get into something or other, it must not. There must be guarantors—the Constitution and the president. Working in such a situation will be far easier. Had there been a normal Constitution, incidentally, working with the former parliament would have been easier also.

Deputy Security Minister on Crisis, Reform

944K0362A Moscow ARGUMENTY I FAKTY
in Russian No 47, Nov 93 p 6

[Interview with Ye. Savostyanov, Russian Federation deputy minister of security, chief of the Ministry of Security's Moscow and Moscow Oblast Administration, by an unidentified correspondent, under the "Special Services" rubric; place and date not given: "Agents Are the Treasure of the State: Revelations of the Moscow State Security Chief"]

[Text] In the good old times of stagnation, in the evening, in our kitchens, we often posed a puzzle to one another: What is the tallest building in Moscow? And, delighted with our own bravery and wit, in an even quieter whisper, straight into the ear, we revealed that the tallest building in Moscow is the KGB. You can even see Kolyma from there. There is no KGB today; there is the MB [Ministry of Security]. What you can see and hear from it, though, is something we asked Ye. Savostyanov, the Russian Federation deputy minister of security, chief of the Ministry of Security's Moscow and Moscow Oblast Administration, to tell us.

[ARGUMENTY I FAKTY] How can you explain the fact that during the October events, far from all enforcement structures obeyed orders, and far from always?

[Savostyanov] Since 1991, I kept saying that it is imperative for enforcement structures to take a new oath of allegiance. Neither the MB nor the Armed Forces have taken an oath of allegiance to the newly formed state. Thus, if you wish to be completely consistent from a legal standpoint, you may say that the state does not have any responsibility to servicemen, but neither do servicemen owe anything to the state in this situation. I do not agree with those who maintain that officers do not take an oath twice. There have been instances in the history of the Russian Army when the oath was taken four times: to Paul, Alexander, Constantine, and Nicholas. An oath was taken whenever a new czar ascended to the throne. Therefore, this argument is unconvincing. The officer corps should be asked the question: Are you ready to serve this state? If yes, here is an oath, take it and serve. If not, here is your severance pay; we will help you to get settled, but you are now on your own.

[ARGUMENTY I FAKTY] Until recently, Russia was both the Russia of the Supreme Soviet and the president's Russia. To whom should the oath be taken?

[Savostyanov] A fair question. That is why this is the right moment for taking the oath. Until the recent events, all of us were in a sort of dual situation. There existed two states at each level. A military man, who received an order and was bound by duty to carry it out, found himself in a idiotic situation. And I think that we simply underestimate the fact that in the circumstances of incredible political discord the enforcement structures essentially have not failed either in Moscow or in any other place in Russia.

[ARGUMENTY I FAKTY] When your candidacy was proposed for the job of the chief of the Ministry of Security's Moscow and Moscow Oblast Administration, were there any other candidates?

[Savostyanov] There were two candidates: one was Sterligov, and the other was myself. Therefore, when I am asked why I did not refuse, I always think what would have happened had Sterligov been in my place.

[ARGUMENTY I FAKTY] Have you brought your own people to the organs?

[Savostyanov] No, I intentionally refrained from that, although I did have to replace all my deputies.

[ARGUMENTY I FAKTY] How did you find the people you needed?

[Savostyanov] By intuition. I came to the organs after the August events, and in those times even if you did not want to receive some information, it came to you anyway. All I could do was listen and analyze.

[ARGUMENTY I FAKTY] Where were you during the recent events in Moscow?

[Savostyanov] There is this classic Chapayev's scheme: Where should the commander be? The commander in this situation should be in the headquarters. I could not

leave the headquarters, if for no other reason than because such a move could be misinterpreted by my subordinates. Therefore, from the morning of the third to the morning of the fifth I was at my place of work.

[ARGUMENTY I FAKTY] Did you foresee these events?

[Savostyanov] There was nothing unexpected for us in this. This edict of the president was not unexpected, and we anticipated the reaction that would follow. Violent provocations, however, were unexpected every time. In this respect, this was the result of the fact that for a long time we have been told that we could not engage in political surveillance. We did not, and this is the result.

[ARGUMENTY I FAKTY] Have there been threats directed at you from the White House?

[Savostyanov] No. On the contrary, they encouraged us very much.

[ARGUMENTY I FAKTY] !?!!

[Savostyanov] It is very interesting. I received a cable from the White House on government letterhead, which directed me to implement exhaustive measures to establish constitutional order and gave me the appropriate authority. Report upon execution. Signed: Rutskoy and Khasbulatov. A day later, when he was appointing Barannikov the White House minister of security, Khasbulatov suddenly started saying insulting words about me. He started calling me everywhere a "lab assistant." Having given me special powers a day earlier, he was then telling Barannikov that it was necessary to sort things out in Moscow. That in Moscow the organs are allegedly run by some lab assistant—some kind of physicist or perhaps a chemist.

[ARGUMENTY I FAKTY] Yevgeniy Vadimovich, in your opinion, how necessary was it to begin the reform of the KGB, and what should be the substance of this reform?

[Savostyanov] In my opinion, the reorganization should be conducted not by the agency itself, but by the state that this agency serves. The state must define what it wants of the MB: to be a special service or a law enforcement organ. Because these are two completely different kinds of organizations. Lately we are often trying to compare ourselves to the United States. But over there the FBI can only conditionally be called a special service. In essence, it is a normal law enforcement organ, whose activities are very strictly regulated. It is another matter that this strict regulation is so well thought through that it allows the FBI to function successfully.

[ARGUMENTY I FAKTY] At a time when everything can be bought and sold, are there still state secrets that have not yet become known to the West?

[Savostyanov] This question requires a clear answer, since ambiguity in this respect results in undermining the moral values of the entire nation.

There is the widespread opinion here that everything is for sale and any state secret now can be purchased. I

want to make it absolutely clear that all state secrets of the Russian Federation have remained secret. And the people who possess them, no matter how much hardship they may experience in the social sphere, do not betray their motherland and are fulfilling their duty to their people to the full extent.

[ARGUMENTY I FAKTY] Is it really possible that with your low salaries one can count on the reliability of MB personnel?

[Savostyanov] The point is that there is a certain hierarchy of access to information that constitutes a state secret. Those who know that the fate of the state depends on their silence are not inclined to play these games. And the restraining factor here is not fear—is it the knowledge that today you are here, tomorrow you are gone, but there are values that remain eternal. They have existed before you and must remain after you. Another restraining factor is the notion of sin. Not religious—human.

[ARGUMENTY I FAKTY] And what do you mean by eternal values?

[Savostyanov] We frequently encounter the notion of "informant" and associate it with professional agents. Perhaps I understand the difference between these two notions better than anyone else. Because I came to the MB with one perception and now live with a completely different one. You cannot even imagine how great the difference is between what the country gets from the work of skilled agents and "activities" of regular, everyday "informants." Nobody can truly understand and appreciate what kind of information the country gets from its agent operations. They are a national treasure of their kind—as, for instance, are the rubies in the Chamber of Facet.

'TRUD' on Importance of New Constitution

944E0306A Moscow TRUD in Russian 7 Dec 93
Evening Edition pp 1-2

[Article by Margat Baglay, first pro-rector of the Academy of Labor and Social Relations, doctor of jurisprudence, and participant in the Constitutional Conference: "Will Russia Have a New Constitution?"]

[Text] After the tragic events of October of this year, it seems, it is difficult to find anybody with common sense who does not understand that the present Constitution of Russia DOES NOT PROTECT society from trouble but CONTRIBUTES to the creation of the most serious political crises and does not contain proper means of overcoming them. Long before these events another thing became clear: The chosen path to democratization, to a radical change in the social system, requires a strong state power and the corresponding legal base. This is why it is vitally necessary to adopt a new Constitution. But let us be reminded that the Constitution will be adopted if more than 50 percent of the voters participate in the nationwide voting and the majority say "yes."

Sometimes people say that the draft Constitution was prepared too hastily. The strange wish of some fighters for the law to move toward the new Constitution "without hurrying" sometimes smacks of a secret desire to preserve the old procedures or even return to them. As the history of all countries shows, there is no such thing as a Constitution that will please everyone. Concessions must be made. And the current draft is the fruit of such concessions. Only its constitutional goal will not tolerate fundamental changes—human rights and freedoms. Fortunately, this goal is fully embodied in the draft of the new Constitution.

Reinforcing the foundations of the constitutional system, the Constitution essentially proceeds from a new understanding of our state—as a RULE-OF-LAW and a SOCIAL state. The notion that not people but laws must rule in a rule-of-law state is a primary fact of true democracy. But that is not enough. The state must not only be the "night guard" of freedom and property but also SHOW CONSIDERATION FOR PEOPLE, that is, it must be social. On 3 June of this year, right before the beginning of the work of the constitutional conference, the newspaper TRUD published my article entitled "The State Must Be Social." It was an attempt to influence those furious liberals who in a noble impulse to secure as much freedom as possible wanted to establish here a two-century-old Western type of state. Thanks to the efforts of a number of public forces and movements, including the trade union group at the Constitutional Conference, it agreed with our arguments and included in the Constitution (Article 7) the point ON A SOCIAL STATE, noting in so doing that labor and people's health are protected in the Russian Federation, a guaranteed minimum wage is established, there is state support for the family, maternity, paternity, and childhood as well as disabled and elderly citizens, a system of social services is being developed, and a state pension, stipends, and other guarantees of social protection are being established.

When formulating the principles of a civil society based on freedom of people and their organizations, the Constitution devotes attention to such a crucial problem of any society as the social world. But in a free country this is possible only under conditions where no particular political force or ideology is imposed on the society, which has been the norm for our life during the past 70 years. In order for that not to be repeated, even in a different form, we have established the principle of ideological pluralism, and it is prohibited to establish any one ideology as the state or mandatory ideology. Political diversity and multiple parties as well as equality of all under the law are recognized.

But, alas, freedom includes the temptation to use it against itself. Therefore it is predictable that the creation and activity of certain social associations will be banned. Here I have in mind organizations whose goals and activities are aimed at a violent change in the fundamentals of the constitutional structure, violation of the integrity and undermining of the security of the state, and the creation of armed formations, which should be

understood as a serious warning to any kinds of extremists, separatists, and radical communist groupings. In the interests of the social world, organizations that inflame social, national, and religious strife are also prohibited.

In this same category is a special article (Article 29) which speaks about the ban on propaganda or agitation for "social hatred and animosity," and also propaganda of social or any other kind of supremacy. This provision is aimed at left-wing extremist movements and organizations, especially those that hold positions of the Marxist theory of the class struggle.

But, of course, the main thing in the Constitution is not the prohibitions but the guarantees of the rights and freedoms of the human being and the citizen. The basic law proceeds from the idea that the rights and freedoms belong to man from birth and are inalienable.

Mentioned among the fundamental rights and freedoms is the right to associate (Article 30, whose construction was developed by the trade union group of the constitutional conference). Reinforced here is not only the overall right to associate, which means political parties and all social organizations, but especially the right to join together into trade unions for protection of their interests.

The trade union group of the constitutional conference was seriously insistent on including socioeconomic rights in the Constitution, some of which were simply lacking in the initial draft or were worded unsatisfactorily. Now we have established practically all the basic socioeconomic rights, although their content takes into account the peculiarities of the market economy, which does not allow the state to take on full responsibility for the exercise of these rights.

Human rights and freedoms, regardless of how wonderfully they may be secured, run the risk of remaining largely on paper unless the state power is organized effectively. In this respect the Constitution is taking a step forward by responding realistically to the unanimous desire of the people to reinforce the crumbling Russian statehood. Two fundamental principles contribute decisively to this: a truly federative structure and separation of powers.

We have suffered through at least two "illnesses." When the country was called the RSFSR, we had no federalism at all, and everyone was accustomed to centralization and unitarism. And when a course was set toward decentralization, slowly, in the spirit of our maximalism, separatism and a short-sighted attraction to sovereignty appeared. The Constitution offers a remedy for both "illnesses." Because of its size and multinational nature, Russia undoubtedly must become a real federation because, as experience has shown, it is quite inefficient to control the country 100 percent from the capital. But there should also be no mention of any regions separating from it or internal sovereign states being created. The Constitution refers to the Russian Federation as an integrated state with a unified economic space, foreign

policy, defense, budget, social development, etc. All components of the Federation—republics, krais, oblasts—have equal rights, with their own joint jurisdiction with the Federation and functioning independently in dealing with their own internal issues.

The new federalism proposed by the draft has not yet been tested through experience and its ideas evoke disputes. It must be admitted that not everything in the text looks convincing and consistent, and it requires more detailed legislative work in the Federal Assembly. But if we do not create a constitutional basis for this work, the negative processes of sovereignization and separatism will lead to great difficulties.

Fitting in well with this is the resolution of the most complex issue of the organization of power. The form of rule the draft establishes may be defined as a semipresidential republic, with a strong executive power, but, I think, counterbalanced with a fairly powerful parliament. Of the foreign analogues one can name France, where after the adoption of the de Gaulle Constitution in 1958 there were no constitutional crises of power. But still I do not agree with those who think that our draft opens up the way to one-man rule of the president, to a dictatorship. But it does create in the present stage a legal basis for surmounting possible constitutional crises and makes it possible to create a stable, strong government while retaining democratic policies.

Criticism is voiced saying that the president of the Russian Federation, according to the new Constitution, being the head of the state, seems to stand above the three powers. Perhaps it would indeed be better to place the president within the framework of the executive power, as was done in the United States.

But, after all, he plays the role of the guarantor of the Constitution, of the rights and freedoms of citizens, and he takes measures to protect the country's sovereignty, integrity, and independence, and these functions go beyond the framework of a single power. Moreover, the president must provide for coordinated functioning and interaction among the organs of state power. It is also very important that he bears the responsibility for determining the basic directions of the state's domestic and foreign policy. This is a broad function, although it is limited by the obligation to act in compliance with the Constitution and federal laws, which creates a basis for the counterbalancing influence of the parliament.

If we had established a presidential republic like the United States, where the president is not answerable to the parliament, or a parliamentary republic, like the FRG, where the parliament controls the government, everything would have been clear. But because of our conditions, we have neither the one nor the other. No, it is not 100 percent parliamentarianism, and therefore the government basically depends on the president, although there should always be the "fear" of a vote of no confidence from the parliament. Apparently taking into account the fact that our future parliament is not likely

to consist of disciplined parliamentary factions, the Constitution establishes grounds on which the president may disband (in strictly defined cases) the State Duma (that is, only one of the chambers of the Federal Assembly), which is intended to protect the country from "ministerial leap-frog" and restrain the Duma, which is based on a still weak party representative, from indulging in irresponsible political passions. This is still better than allowing things to reach the point of bloody shooting in parliament, and as long as there is no stable system of political parties, it is extremely difficult to count on mutual understanding and cooperation between the president and the parliament.

Regardless of how that may have been, the State Duma has the right to submit a vote of no confidence in the government, although this entails its automatic resignation. Notwithstanding all the weakness of the Duma's legal position regarding this issue, one should not underestimate the political significance of a vote of no confidence in the government.

The authority of the government does not go beyond the framework of the generally familiar issues pertaining to the executive power. The only thing that is somewhat incomprehensible is that this authority does not include the development of the country's economic policy (see Article 114), although previously in Article 71, point "e" it was noted that the Federation's jurisdiction includes the establishment of the fundamentals of federal policy for economic development. It seems that such an omission could create difficulties in developing and pursuing a unified economic policy, which should be done first of all by the executive power.

Russia needs a new Constitution. Apparently the Federal Assembly will have to return again to the text and improve certain points. But if it turns out that the Constitution is not accepted in the forthcoming referendum, the country could experience another even greater wave of instability and paralysis of power. That will open up the way to a dictatorship...

Lukin on Post-Election Scenarios

944F0210A Moscow *LITERATURNAYA GAZETA*
in Russian No 47, 24 Nov 93 p 11

[Interview with Vladimir Lukin, ambassador of Russia in the United States, by Yuriy Shehekochikhin; place and date not given: "Will the New Parliament Be in the President's Pocket?"]

[Text] [Shehekochikhin] Vladimir Petrovich, before you became ambassador, you were not simply a member of the Supreme Soviet—you were known as a politician who endeavored to introduce the idea of parliamentarism to Russian soil. And nothing came of this. The opposition of the executive and the legislature resulted in the firing on the White House from tanks. Did you yourself anticipate the solution of the political crisis culminating in national tragedy?

[Lukin] I am by nature an optimist and hoped to the last that the conflict could be settled peacefully—in a humane way, without shooting. The day before I had met with the patriarch in New York. I had a long talk with him and Metropolitan Kirill, and our main point was as follows: There is no political idea that has to be paid for in blood, and for this reason it is necessary to do everything to avoid bloodshed. For this is Russia, where a drop of spilled blood could give rise to pools, seas of blood.... But blood was shed. What happened was a horror and tragedy. But I would not want now to analyze the causes of this tragedy. It is the job of the politician to think about how to ensure that blood not be spilled again.

[Shehekochikhin] You are convinced that what occurred is not yet the final act of the tragedy?

[Lukin] I can guarantee nothing.... We once attempted to prevent political conflict becoming a bloody conflict—to no avail. It is clear to me who started this carnage and whose calls from the balcony of the White House brought about dozens of human casualties. But let the investigation and the court decide everyone's degree of blame. I will judge myself by my own court. I was a member of parliament and have, therefore, to ask myself: What did you personally do to prevent this blood being spilled? And, I believe, every normal individual, whatever the views he holds, should judge himself by this court. And for this reason we need to trace the whole chain of events that preceded the October tragedy. If we individuals of a democratic persuasion want peace for our country, we must learn the lesson from what happened. And not say (as did Lenin in 1905: We need to take up arms, only more emphatically and vigorously) that we need to embark on transformations, only even more emphatically and vigorously, rejecting those with questions and the malcontents even more harshly.

[Shehekochikhin] But I am very much afraid of what has followed this tragedy.

[Lukin] To what do you refer?

[Shehekochikhin] First, a witchhunt has begun.

[Lukin] But it is, it seems to me, already subsiding. At least, an edict of the president, according to which only some parties, the most unbridled, were banned from participating in the elections, appeared. And subsequently even they were admitted, it would seem.

[Shehekochikhin] Although the state should have cut short both fascism and anti-Semitism even earlier, long before what happened.... I still cannot understand why this was not done....

[Lukin] Democracy has its bounds, of course, which have to be secured....

[Shehekochikhin] The first overstepping of these bounds occurred 18 months ago—the storming of Ostankino and the first attack on the militia officer.... And? Nothing! At that time, nothing. But what will happen today? I am very

much afraid of another substitution: instead of an investigation, fratricidal showdowns, instead of the law, independent action, instead of the punishment of the guilty parties, a settling of personal scores, which could in itself bring into the opposition people who are guilty only of simply not having been caught up in the euphoria of victory....

[Lukin] Russia proved long since that it is always pregnant with 1937. And informing here is truly mass literature. I would, therefore, counsel the authorities against mounting such campaigns. Those whom the court deems to have perpetrated crimes should be liable in accordance with the law. That is, the shady force should be exposed and punished only by the legal, legitimate method. Otherwise the favorite Russian game: "where were you in October 1917?" will begin. Various public commissions will once again appear—you will remember, there were such after August 1991 also.... I am opposed to this because I understand that there is no end or limit to such investigations. They only need to be started, and this Bulgakov-Platonov idiocy gets under way.... I hope that our authorities understand this. Democracy—the separation of powers—is the best medicine. We must restore as quickly as possible the system whereby this separation operates not to the detriment of democracy but for a strengthening thereof.

Now about the opposition.... I have an extreme dislike for exaltedly chauvinist parties and organizations. Vulgar patriotism makes me sick. But, as a person of a democratic persuasion, I understand that if we begin to cut up society too much, slice off, like salami, from political life movement after movement, there will be no end or limit to this. We know the history of revolutions, of the French Revolution. It started with the king, then reached the Girondists, and ended with the Jacobins. The sole criterion, therefore, of who should be outlawed is only the law. At the political level we need a constitution that determines very precisely where it, the framework of the democratic society, lies. If this party or the other accepts the rules of the game of the democratic society, does not call for violence and does not engage in actual actions that lead to violence, this party has a right to exist, however displeasing it may be to you personally. Democracy is altogether a formal thing. Too personal an attitude toward it is contraindicated. I, say, dislike some people, others dislike me, but society must live as society, more or less freely. The sum total of some formal relationships within this framework is what democracy is. The rest is utterly arbitrary action. What happens is simply the formation of a herd, in which those who are physically stronger, brandishing a stick, cry: "If you are with me, I will load you up with money. You are a thief? That's bad, I will give you a flogging, like Peter I once flogged Menshikov, but after this, I will forgive you because you are my man." I do not understand, incidentally, why Peter I is the symbol for my Russia's Choice friends. That same tsar who put Russia on the rack. For whom a human life was not worth a cent. Who even had his own son put to death. My profoundly esteemed friend Sergey Kovalev beneath this emblem? I do not understand it! Your paper has not, I hope, forgotten the "The Bronze Horseman"?

[Shchekochikhin] Although, apparently, you have a position, and the position was created for you, you have once again joined actively in the political struggle.... Why?

[Lukin] This is a personal matter.... I believe that Russia is not a choice, it is fate.... My fate is here. It is not a question of my having left my country—I have not left it, naturally, it is simply that I am ambassador of Russia in the United States and am trying to do my job to the best of my abilities. But part of my soul is here, in Russia, in Moscow, not in Washington. When I was appointed ambassador by the president, I quit parliament. Why following the October events did I decide once again to join in the struggle for a place in the new parliament? Because I believe that parliamentarianism is a key feature in Russia's destiny! Whether a parliament that cooperates constructively with the executive and constructively opposes it is formed in Russia. We have a dual experience. One is the long and drawn-out experience of a totalitarian, closed, and despotic state. It was demolished by our own efforts. Now there is a second experience also. We tried to live under a separation of powers, but obtained not separation but one power knocking down the other and a game with no rules.

[Shchekochikhin] But perhaps, as was said before, what "is good for the German is poison to the Russian?" Look what is happening. Since 1917 Russia has had two parliamentary speakers—Lukyanov and Khasbulatov. And where are they both? In just the same way Russian history has had two vice presidents. And where are they? Perhaps parliamentarianism is not our way? We could go on to recall in addition the entire history of Russian dumas.... Perhaps the next parliament being a pocket parliament is Russia's way.

[Lukin] If you want to know, one of the reasons I joined the Yavlinskiy-Boldyrev bloc was to take an active part in the creation of a parliament which combines constructive cooperation with the authorities with opposition thereto when the authorities, in the opinion of a majority of parliament, need to be opposed, when they act in arbitrary Russian fashion, when they are driven by subjective factors, and when the authorities are uncontrollably corrupt. All authorities are corrupt, but ours more than others. That is, I am speaking of the problem of civilized parliamentarianism. Yes, two speakers are inside (one is now at liberty, it is true), yes, the vice presidents have also found themselves in jail here. But good things come in three's, as they say. I am an optimist. I believe that it is the third parliament that could be a real one. The rules of the game at these elections do not satisfy me in all respects because they were laid down only by one political bloc—Russia's Choice—not all blocs. Nonetheless, I am far from thinking that the new parliament will be a pocket parliament. If, naturally, the elections are fair. I hope that the new parliament will be quite multicolored, although I cannot predict with any precision what kind of coalitions will take shape there. I am convinced that there will be working, constructive, democratic opposition in the new

parliament. There is an opportunity for this, and it would be a sin not to take advantage of it.

[Shchekochikhin] By all canons—both ours and the West's—you are quite a high-ranking officer of the state. But you have attached yourself to the bloc of Grigoriy Yavlinskiy, who in the days following Presidential Edict No. 1400 sharply criticized it, for which he himself was criticized in many democratic publications. Does this not scare you personally?

[Lukin] I am not well acquainted with the statements of various of our politicians because we receive barely any newspapers at the embassy. I am not all that familiar with what precisely Yavlinskiy said in connection with the president's edict of 21 September but I know that in the dreadful night of 3 October Yavlinskiy was very precisely and very clearly saying that all the forces in the White House that had unleashed the bloody carnage had to be repulsed.

[Shchekochikhin] But people are now figuring out who did the repulsing—if not more powerfully, then more loudly....

[Lukin] There is enough of Bulgakov's idiocy in our country.... And there are people, of course, who are beginning to bring order to bear at house-manager level....

[Shchekochikhin] But we are talking about something else!

[Lukin] Our bloc is an election bloc. This does not mean that we think identically. Although we are united by a number of fundamental points.

[Shchekochikhin] Which precisely?

[Lukin] First, there should be democratic changes, but by the evolutionary path, lest society be pulled apart. Reform should be reform for the country, not the country for reform. Second, the role of the state should be significant because there will be no reforms in Russia without the state. Third, effective parliamentary, democratic control is needed. Fourth, social safeguards should be distributed really and fairly, otherwise society will be pulled apart. It is impossible to demolish one civilization in order subsequently to create another. It is impossible to leave one generation of old people with nothing in order for other old people to have a better life a couple of generations hence....

I am opposed to explosive one-act insights which are not tallied mathematically.

[Shchekochikhin] Does it not seem to you that the president himself is today faced with a choice: between a democratic future and totalitarian traditions? The totalitarian traditions presuppose primarily the rejection of different viewpoints and a desire to have by one merely the "joys from one's own team." Not even from one soccer (hockey or equestrian) league but from one team—the Army Central Sports Club, say.

[Lukin] Putting together the team is the president's right. It has to be said that all presidents, including the presidents

of the United States—a country I know better than others—put together their teams variously. The president of the United States always has a problem. Either to put together his team from people personally loyal to him (feigning personal loyalty, possibly) or to make the basis of the team generally recognized politicians and professionals who, although not his "personal" team, represent, nonetheless, the whole of the society that elected the president. As a rule, American presidents prefer a combination of the two types. People who are personally loyal are given some positions, professionals are given others—more serious ones. Look at the U.S. Government now. It consists of Clinton's Arkansas circle and top professionals—the secretary of the treasury, the secretary of state, the secretary of defense, say.... The more sure of himself a president is, the more readily he assembles people of substance and independent people who not only look him in the eye but who are prepared also to argue with him, not in public, of course. When Lincoln was once told that a candidate for a key cabinet position considered himself smarter than the president himself, the latter replied: These are the kind of people I need.

[Shchekochikhin] It is with good reason that I ask you this question: There has only just been another "victory" (albeit a victory in blood), but calculations and counts as to who is more "for the president" in the president's circle have already begun. Who is closer, who is more important. And I was frightened by Shumeyko's words at the first Russia's Choice meeting: This bloc must become the ruling party, he said. The word "ruling" is all too familiar to us all, and we understand in what all this could result for Russia.

[Lukin] Vladimir Filippovich is sometimes inexact in his choice of words (to the effect that censorship should be replaced by self-censorship, for example). But he simply misspoke, I hope. Showdowns and intrigues within each ruling team are inevitable, but our showdowns have already simply exceeded all possible bounds. Yes, power is power. Remember the famous saying? Power corrupts, absolute power corrupts absolutely. Power is not an easy burden.... And I believe that the sole way out for any politician from the moral conflict is glasnost, but not glasnost of the yellowish type. It was with good reason that I spoke of false loyalty. Loyalty is demonstrated not by personal friendship. The criterion of loyalty is self-respect. There are people who can airily jump from one camp to another (just as Misha Chelnokov upped and jumped on account of his not being given something or other). And there are people who stay put. Changing their views, naturally, but it can be seen that they change them not like a pair of gloves and not according to the "I'll not sell you short, don't you sell me short" principle. It is not a question of us being old friends and of viewing one another *con amore* but of us respecting ourselves, and it is for this reason that treachery can never occur without the destruction of one's own personality.

Shakhray Expounds Party Philosophies

944F0211A Moscow LITERATURNAYA GAZETA
in Russian No 47, 24 Nov 93 p 13

[Unattributed report: "The Intelligentsia—the Planet's Ozone Layer, Not a Stratum Between Classes"]

[Text] A meeting was held yesterday between S.M. Shakhray, leader of the Party of Russian Unity and Accord (PRES), and representatives of the capital's artistic intelligentsia. And although it is quite fashionable today being "noted" for such meetings, this was not for the PRES a routine duty activity. Literally since the moment it emerged, Shakhray's party, as distinct from all the rest, has put particular emphasis on a revival of the nation's spirituality and cultural and moral potential. The discussion, which took place in the office of the deputy prime minister of the Government of the Russian Federation in Staraya Ploshchad, was not of a formal, official nature. Both the creative elite of Moscow and Shakhray, a politician of the new generation, communicated on the same wavelength—this was a discussion of people suffering equally for the fate of Russia and its culture, of people who are civilized and not indifferent. Of those who are identified by the just-about old-fashioned "people of the same group" concept.

Offering readers fragments of the meeting, we believe that it accomplished to a considerable extent its main mission—it helped map out the contours of the cultural policy of the Party of Unity and Accord and charted the landmarks on the way to a revival of Russian culture and spirituality.

[Shakhray] There are two reasons why we formed the party.

First, an effect of the nonparty approach is that, together with the leader, a particular group of people comes to power. Selection is almost always of a chance nature here. And, alas, it is not always only decent and very professional people who get through.... So, whether we like it or not, it is necessary to revive or create from scratch a mechanism of political selection within some team.

Second, it is necessary that a minimum of a further two parties breathe down the neck of one party and, if it makes a mistake, substitute for it. In principle the CPSU made only two strategic blunders. It wiped out its opponents (all had disappeared by 1922, even) and linked the machinery of state with the party. And indeed, why not, since there were no opponents? And everything else was a consequence of these steps. This is why it is very important today that party culture be inculcated in Russian society as quickly as possible.

But there is in addition one further circumstance, and it ensues from what I call practical federalism (and myself, a practicing federalist). Having worked in state of emergency zones and having traveled the country a good deal, not as a guest or a tourist, but as the person in the government responsible for regional policy, I have seen with my own eyes that the link between the center and the regions necessary for any society has been severed. The state should always have a mechanism with which national leaders from the localities and the leaders of economic and

political movements may get into the all-state orbit. When we cut the vessels connecting the regions with the center, this became a factor of separatism. The circulation which had earlier been called the "rotation of political personnel" was broken off also. Laws, treaties, and even the Constitution are virtually or wholly inoperative.

To preserve the state, it is necessary on the one hand to know how to ascertain different interests, unite them, and guide them into the state orbit and, on the other, to seek to ensure that the center influence the regions. Mankind has yet to devise anything other than a party mechanism in this sphere.

Having analyzed the situation, I formulated back this May the idea of the Party of Russian Unity and Accord. It also has a second, working name: the All-Russia Conservative Party.

No political organization has social support at this time. So we immediately declined social-class principles of formation of the party—for the intelligentsia, for the kolkhoz members, for the workers, say. There is no party with us that exists according to this principle. Even the name "agrarian" is also arbitrary. We attempted, I repeat, to make functional principles, regional and federal, the basis of the political party. Representatives of the towns and villages may with the aid of the party gain access to the all-Russia parliament and government. A channel of influence via these same vessels to the regions will then appear automatically, that is, some political loop or political pivot will be formed. This distinguishes our party from all other parties. No one, essentially, as yet occupies such a niche. All the rest have an attitude toward the regions, the provinces, based on interests of the current moment. In July it was fashionable to consider the Federal Treaty the pinnacle of human thought; in August it had become a conservative invention.

Our party is the right of Russia's Choice, Yavlinskiy's bloc, and the Russian Democratic Reform Movement. But this has been dictated not by our personal ambitions and particular economic views, but by the fact that we have our own niche. We will get some portion of the vote at the elections.

The concept of economic federalism dictates our approach to taxes, the budget, culture. We understand all-Russian culture as a totality of the cultures of the country. The multinational composition and diversity of the regions are not Russia's weakness, but its potential strength (this is our advantage over mononational and centralized states). It is said that the children of parents of different nationalities have greater genetic potential. The same may be said about the Russian state also.

Why do we call the party conservative? Because we aspire to restore the link of time and build political support on *the family, property, and the state*. These are the three pillars. We intend in policy also to introduce certain elements of morality and probity, although this is very difficult; it will be a long process. This, incidentally, is the source of the irritation at my steps in the election struggle: taking unpaid leave and releasing a statement of my income and property. My next move will be an

account of my work as deputy and member of the government. I am sure that no one will next year get by without similar conduct in politics....

V. Merezhko, playwright. Tell us, please, on what principle you invited us to this meeting. None of us is a member of the party, after all.

[Shakhray] Simply from fellow feeling.

[Merezhko] Then the second question. You spoke about the existence of a policy of interests of the moment. Is there not in today's invitation an interest of the moment on your part?

[Shakhray] I confess that there is.

[Merezhko] The interest of the moment surely needs to become a permanent interest. Does, after all, the intelligentsia frequently complain of anything? When the situation requires, figures of culture are invited, when the situation changes, people forget about them.

V. Pyetsukh, editor in chief of the journal DRUZHBA NARODOV. We are like service personnel. We necessarily have to endure this. On Monday we are called, on Thursday, not.

[Shakhray] I would like in today's exchange to make myself just a little better understood: Why am I all of a sudden involved in party building? In addition, I am greatly interested in talking with you, hoping that it will help adjust and enrich the election program. I am thinking of compiling it, incidentally, not in the form of some piece of text or book, but in question and answer form. Provisionally, 89 questions to the Party of Russian Unity and Accord.

B. Nemenskiy, people's artist of Russia. I would like what we contribute to last for more than just the time of the election struggle.

[Shakhray] From the start of my activity as a deputy, I have attempted never to make empty promises. I could today put before you an edict of the president on support for culture. It has been allocated 10 billion rubles [R]. But I would like to make the part of the election program in respect to culture more elevated and to talk not only about tactics, but about strategy also.

My first son is quite grown up and has gone off to school. I traveled back home with him. He does not understand Russian song or Cossack song, and I am afraid that he will only watch cartoon features. So I concluded on the basis of my own experience: Enough of watching apathetically how television is developing.

[Merezhko] It has long needed restructuring. American detective features all the time. A struggle of two cultures is under way. Who will win? In my view, that culture's victory over this simply could not produce any more monstrous results.

O. Shvedova, leader of the O.K. Theater. An even more frightening trend is being manifested. Relations have been severed to such an extent that there is already a distinct culture of Ryazan Oblast, a distinct culture of Tomsk, Tambov.... Owing to cost and such, exchanges

between them and tours have become more difficult. And this is happening not overseas, but within Russia. A regional approach to culture can be clearly traced.

A. Romashin, actor. I was always offended by the phrase: The intelligentsia is the stratum between the millstones of the workers and peasants. It is still there in the encyclopedias.... It seems to me that if your actions start from what you declare—the intelligentsia is by no means a stratum, but a driving force of society, and a very serious driving force at that—this will be a very serious step. Figures of culture have no wish to be a stratum.

[Shakhray] I propose that the intelligentsia be considered society's ozone layer. It is very thin, but were it to be destroyed, everything living on earth would perish.

B. Lvov-Anokhin, chief director of the New Drama Theater. One further horrifying process is occurring before our eyes—the destruction of the publishing houses. Splendid books are not being printed, and money is being made available only for detective novels and semi-pornography. For how many years have the Isskustvo Publishers been in existence! They have published magnificent books on the theater, they are alive to this day. But now the publishing house barely exists, and only coffee-table books, which have a market, are being published.

Something similar is happening with many theaters, also. We are having to fool and take in some people in order to survive....

V. Lansko, chief director of the Stanislavskiy Theater. Much will depend in the development of culture on who is at the head of the field. I know Perm Oblast well. The Leningrad Ballet was evacuated to Perm during the war, and this Urals city has a staggering musical culture. And the oblast party committee always displayed concern for it, incidentally. It is no accident that there is an excellent drama theater and ballet school there. If the oblast is headed by a person lacking in culture, incidentally, he himself will suffer from this primarily.

[Shakhray] Perhaps we will one day introduce a culture test? In order to find out whether a candidate for deputy or governor is receptive to culture and whether he will support it after the elections.

I. Vishnevskaya, doctor of art criticism. I like the word "accord," and "conservative party" even more. It is bold, surprising, and what is today, finally, needed. It has been a long time since our society has had conservatives. People who can work in steady and normal fashion. We have been continually reforming something or other.

So, "accord." With whom? With, naturally, the people, with, naturally, culture and the country's traditions. This accord is lacking. And we are still constantly being told here that the best people have left for overseas. What does this mean—are just the brainless ones left? Does this mean that there is complete, profound disrespect for the figures of culture living in Russia, working here at home? Are we second-rate? And if figures of culture are second-rate, politicians and so forth are second-rate also. There is an obvious chain here.

I would now call your attention to the tsars. What was the first thing the Russian tsars did when they ascended the throne? They did not fight the opposition, cholera, or the Poles. They issued edicts on culture.

[Shakhray] Summing up the brief results of the meeting, I would like to mention first of all that our interests concur in what is most important—the need for the restoration of the ties between the regions that have been severed. You are right: This is taking a particularly painful toll on culture, and the Accord Party will not last for a day, even, unless it relies on the intelligentsia. Because, strictly speaking, both accord (among people, nations, regions) and unity are possible only in the soil of spirituality.

Only culture will help the achievement of people's accord, the unity of the nation, and the greatness of Russia.

I thank you for the constructive criticism and interesting ideas and suggestions. If you have no objections, we will meet once more as we have here, but in a more composed, nonelection atmosphere.

Background of Kedr Movement Reported

944F0215A Moscow *SEGODNYA* in Russian
28 Nov 93 p 3

[Article by Aleksandr Shukunabin: "Kedr Was Bred by the Sanitary-Epidemiological Oversight Stations. The Constructive Ecologists Refuse To Engage in Politics"]

[Text]

Contenders

The Kedr [Cedar] constructive ecological movement of Russia (KEDR [initials of Constructive Ecological Movement of Russia] would be more accurate) is a public organization. It arose in the years 1992-1993 without any connection with the public ecology movement. In August 1993, with enviable rapidity, it was registered by the Ministry of Justice of the Russian Federation.

In its declaration, the Kedr constructive ecological movement accused the entire environmental movement existing before April 1993 of utopianism and nonconstructivism; and it was precisely Kedr that was to surmount these shortcomings that were attributed to the other environmental organizations.

Kedr's origins may be sought in the conflict between the environmental community and the Ministry of Environmental Protection and Natural Resources, which supported numerous ecologically dangerous projects.

Kedr's basic structure became the system of sanitary-epidemiological oversight stations—a state service whose functionaries decided simultaneously to become public figures as well (which came in very handy in the collection of signatures before the elections). The support of state structures attracted entrepreneurs and business managers who decided that the ecological name would facilitate their activity. Thus did the ministry get "its own public."

As is well known, the new statute on the elections did not give public organizations the right independently to enter their lists at the elections. However, the Central

Election Committee made an exception for only one (on the other hand, if one carefully checks the rules of all such organizations, it may be that it was really not just for one) public association—for Kedr—and granted it the right independently to enter its list, despite the fact that there is not even any mention in Kedr's rules of nominating candidates for deputy (one more obligatory condition for the granting of the right to enter a list, according to the conditions of the Statute on Elections).

Appearing, judging by everything, in a television clip pre-prepared for "Voter's Hour," which was shown on Ostankino's Channel 1 on 22 November 1993, representatives of Kedr, saying nothing, by the way, about their ecological achievements, declared outright that Kedr is not a political organization and that they do not engage in politics. In doing so, they officially confirmed that Kedr is neither a party nor a political movement, which, according to Article 5 of the statute "On the Election of Deputies to the State Duma," could be granted the right to nominate candidates for deputy.

Meanwhile, Kedr was one of the first to produce lists in its support. This fact could surprise some people, since organizations having much more political experience and a ramified structure (the Christian democrats, the Fatherland bloc, the New Russia bloc, and so forth), failed to collect 100,000 signatures. However, there is nothing strange in that—they did not have at their disposal such a state structure as the sanitary-epidemiological oversight stations. We do not have the possibility of legally confirming the numerous signals coming from the localities about pressure brought to bear in the process of signature collection on employees in that system and even on the personnel of enterprises that depend in some respects on the sanitary-epidemiological oversight stations. But the very principle under which a voter must state his political preference in written form before a "secret" vote creates the conditions for the exploitation of place of employment in the pre-election struggle.

We noted with interest the lead part of the constructive ecological movement's list, where it is difficult to track down activists of the public movement who have experience in work for the protection of nature. The only figure active in public life on the list is the chairwoman of the Soldiers' Mothers of Russia movement, Mrs. Lyamar. One would be hard-pressed to say anything at all about the ecological activity of this movement.

Even more interesting are the next candidates among the first 20 on the list, who have some chance of ending up in the Duma. Five heads of state institutions and their office managers (for the most part from the system of sanitary-epidemiological oversight stations); several other functionaries (deputy prefect, deputy oblast soviet chairman), six directors of enterprises, presidents of companies, their associations and federations, and also other businessmen and entrepreneurial leaders. Three are scientists—of whom, again, two are directors and one is an adviser to the minister of environmental protection and natural resources of the Russian Federation. Filling out the list are a union leader of an absolutely nonecological union, an athlete, and the president of a Moscow association of Koreans.

Main Electoral Blocs in Regions Reviewed

944F0215B Moscow SEGODNYA in Russian
28 Nov 93 p 2

[Article by Dmitriy Kuznets: "Russia's Pre-Election Geography"]

[Text] Russian politicians, accustomed to the glory of the capital, the attention of journalists, the floodlights, and so forth, have been compelled, on the threshold of the December voting, to search out the support of provincial voters. It is possible to triumph in the regions by two means: Force the local branches (if, of course, they exist) to work at maximum efficiency, or concentrate one's efforts on those districts where the bloc traditionally wins the votes of the majority of the voters. But matters have worked out in such a way that almost all of the parties are lacking in both regional branches and "territorial attachments."

Especially unlucky have been the "youngest" organizations, created especially for the current election campaign. They can count only on television advertising, which is clearly insufficient for success at the polls. Especially since in the single-seat districts it is specific candidates who need support, and not little clips with forests, fields, rivers, smiling girls, and singing contenders. If blocs can count on additional points with such advertisements, an individual candidate will not get anything out of them, good or bad. Many associations burned out at the very first stage when, because of their underdeveloped representation, they were unable to collect signatures in the required number of regions—in no fewer than seven components of the Federation.

The remaining blocs also assert the weakness of their local organizations. Yevgeniy Malkin, the chief of the Democratic Party of Russia's pre-election campaign, declared, "The Democratic Party of Russia now means those who collected the signatures, and not old functionaries from the provinces." Whereas previously it was believed that the Travkinites had the most serious network of local branches. Civic Union, likewise, cannot boast such a network. Arkadiy Volskiy, the leader of Civic Union, is attempting once again to create one on the basis of plants whose directors are participating in the elections as part of the bloc. Sergey Shakhray's Russian Unity and Accord Party [PRES] finds itself in the best position, since the principle of "regionalism" proclaimed by its leader has been realized completely literally: A good half of its candidates are local bosses of varying caliber. The only shortcoming of the PRES regionals is their inherent separatism, which is not so popular in the Russian oblasts. The adherents of the "sovereignties," it is true, could receive support in the ethnic republics. In Dagestan, for example, it is hardly likely that anyone will be able to create any competition for Ramazan Abdulatipov, one of the leaders of PRES. And in general that party has its own "territorial attachment"—the republics of the North Caucasus, which Chairman of the State Committee for the Federation Sergey Shakhray has been "cultivating" since autumn of last year.

Representatives of the regional elites of another, less separatist bent are inclined, in turn, to support Russia's Choice. For the most part, this involves heads of oblast administrations and representatives of the president in the localities with which the officials of the Kremlin apparatus "have dealings." Thus, Russia's Choice stands a greater chance in the oblasts than PRES. Shakhray's only support here are the chairmen of the soviets, who were prudently deprived by Boris Yeltsin of their organizational possibilities.

Other "democratic" blocs—the Russian Movement for Democratic Reforms and YaBL [the Yavlinskiy, Boldyrev, Lukin bloc]—have only the rudiments of regional structures: With Sobchak, this means his St. Petersburg apparatus, which is the main support for the Russian Movement for Democratic Reforms, and with Yavlinskiy, the departments of the Republican Party (a significant number of them, it is true, abandoned their leaders, refusing to cooperate with YaBL).

Aside from Russia's Choice and PRES, the communists and agrarians have found themselves in an advantageous position: The former have powerful representation in the localities and a stable base in several components of the Federation; the latter have very strong positions in the rural districts and the organs of kolkhoz and sovkhoz administration. The only problem consists in the fact that the "base" regions of the Communist Party of the Russian Federation [KPRF] and the Agrarian Party coincide—the Chernozyomskiy region, the Volga region, part of the Russian North and the Central region, oblasts with a small share of urban population. The communists are prepared to "give away" some of their "rural" votes to the agrarians, hoping for a union with them once they get to the parliament itself. At the same time, the Agrarian Party is not inclined to support KPRF candidates in districts where it is nominating contenders for deputy, partly because it has been joined by the Socialist Workers Party, a competitor of the KPRF in the market of those expressing the interests of the proletariat. Kolkhoz directors have more influence on the peasants—after the president's edict on ownership of land, resistance of the peasants to agrarian reform could increase. There has already been a precedent, at the beginning of the century, when the peasants refused to leave their peasant communes, despite the harsh actions of Prime Minister Petr Stolypin. The possibility of leaving their home kolkhoz, even with land, does not inspire enthusiasm in today's "field workers." So the anti-Yeltsin propaganda of the village bosses could find fertile soil. If the dissatisfaction of the peasants increases by December, the agrarians will reap the fruits in the form of deputy mandates.

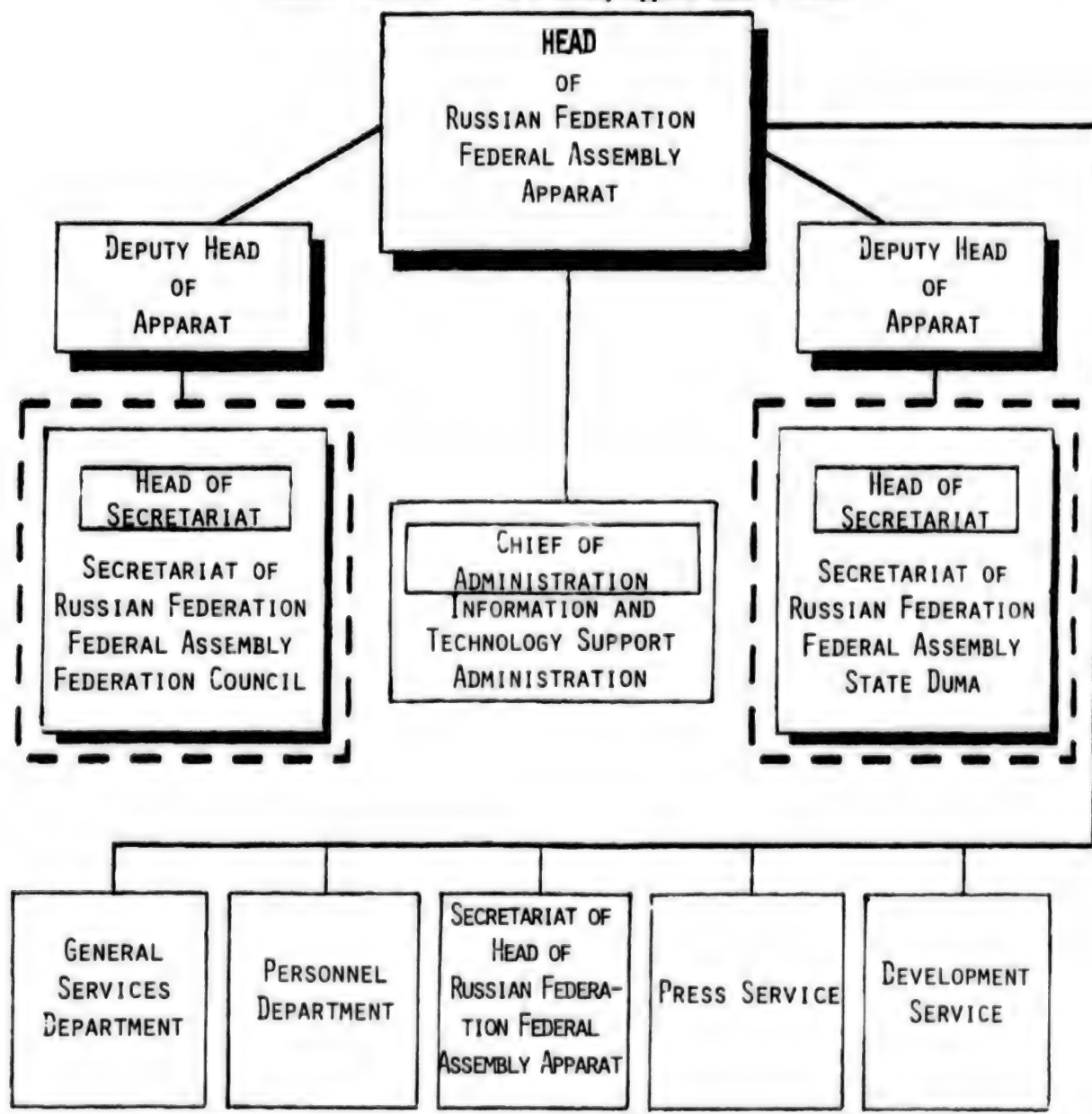
Under conditions of the organizational helplessness of almost all of the parties in the regions, one should not expect activity on the part of the regional voters. The participation of 60 percent of citizens (this figure was cited by the sociologists) will be counted a great boon. In the ethnic republics, even this result is hardly likely. In most of the "distant" regions, it appears that turnout will be fairly high, and law-abiding residents, as has been the case before, will most probably support power, that is, the president. One may expect that the heads of administration will indicate that Russia's Choice must be associated with authority.

Federal Assembly Apparat Wiring Diagram

944F0194A Moscow ROSSIYSKIYE VESTI in Russian 27 Nov 93 p 2

[Diagram of Russian Federation Federal Assembly Apparat, approved by Russian Federation Presidential Directive No 747-rp, 24 November 1993]

[Text]

*Approved by Russian Federation
Presidential Directive No 747-rp,
24 November 1993***Russian Federation Federal Assembly Apparat Interim Structure**

'Secret' Decree on Refugee Resettlement

944F0177A Moscow IZVESTIYA in Russian
24 Nov 93 First Edition p 5

[Article by IZVESTIYA writer Marina Lebedeva:
"Refugees Forced To Move Again"]

[Text] **About 4,500 refugees—victims of the Baku pogroms of 1989-1990 who were deported to Moscow and are living in hotels and dormitories—will be moved out of the capital by a decision of the Government of the Russian Federation.**

All Moscow is talking about the secret decree

"As an official, I cannot comment on a classified decree," I was told by Mikhail Ryzhkov, a deputy of the administration for internal migration of the Federal Migration Service of Russia.

Nonetheless he confirmed that Decree 1049 of the Council of Ministers-Government of the Russian Federation "On Measures for Regulating the Temporary Residence of Refugees in Moscow" of 13 October, adopted in conjunction with the state of emergency, has been extended, and the migration service will have to implement it in short order.

According to the text of the decree, which the editorial staff has at its disposal, it will be necessary to "agree with the proposal of the government of Moscow to evacuate individuals with refugee status from hotels and department dormitories."

Mikhail Ryzhkov, while refusing to name the places planned for the evacuation of the refugees, did not deny that this evacuation promises nothing good for the refugees, and he emphasized that the migration service was against such a decree. Nor did he deny the information contained in the second point of the decree, namely that a number of ministries, particularly the Ministry of Defense, the Ministry of Security, and others are being assigned the duty of transferring released military compounds to the balance sheet of the migration service of Russia "for temporary habitation by evacuated individuals."

To the question of whether explanatory work will be done with the refugees first or whether there will be another "emergency eviction" the answer was not hopeful: "In any case this is planned." As for the problem of finding work for the refugees in the new location, M. Ryzhkov noted that this was the concern of the refugees themselves.

But after the conversation with the chief of the Main Apartment Operations Administration of the Ministry of Defense, Nikolay Kotylev, it became clear that the question of labor placement, like the fate of the children studying in the schools and VUZ's [higher educational institutions], is naive, to put it mildly. As the lieutenant general explained, the compounds meant by the decree are nothing other than "duty barracks in military units

located mainly beyond the Urals, in marshes and swamps where the refugees would not go."

Although the decree contains the stamp "not to be printed," it is being widely discussed. Human rights activists, journalists, hotel workers, and, of course, the refugees themselves all have their own interpretations of the government decisions. Yet, as the refugees will attest, the decree is already in effect: In the hotels of the administration they are hastily drawing up lists for evacuation, and members of the same family sometimes end up on different lists. A representative from the Moscow hotels, the director of the Volga and Severnaya hotels, Vyacheslav Yezhov, refuses to meet with the refugees and give them any kind of explanations. In the meantime they are not extending certificates for the refugees, which in certain cases has provoked fines from the militia. They have stopped paying pensions to other refugees. Refugee teachers have been informed that they will be allowed to work only until January, and beginning in January children in schools will no longer be given food subsidies.

Russia Is Not Fulfilling Its International Commitments or Obeying Its Own Laws

This was reported at a meeting of the Civil Assistance Committee by its cochairman Svetlana Ganushkina. She noted that such a decree violates Article 26 of the International Convention of 1951 on the status of refugees, according to which they are guaranteed the right to freedom of movement and selection of a place of residence. Moreover, according to the law, a refugee does not have the right to settle temporarily more than once.

The Memorial legal protection center has announced that the very fact of the adoption of the "classified" document, which infringes on human rights, violates international and domestic norms. This same opinion is held by the deputy chairman of the Commission on Draft Laws, a member of the Human Rights Commission under the president of the Russian Federation, Boris Zolotukhin.

Participants in a seminar held recently in Kharkov—the Moscow, Almaty, and Helsinki groups, the Kyrgyz bureau for human rights and observance of legality, the Odessa group of the international human rights society, and others—adopted an appeal to the mayor of Moscow, in which it says: "...ordinary human morality demands that we allow the fire victims, disaster victims, and simply wanderers into our homes."

The chairman of the coordinating council on aid to forced migrants, Lidiya Grafova, reported with a reference to the migration service, that so far this service's arsenal contains only 50 little houses in rural locations. For 4,500 refugees. And that is all this department has to offer the refugees after their four-year residence in Moscow.

But what will the pilot Andrey Grigoryan, the mathematician Vladimir Martirosov, the chemical engineer

Anzhela Atamalyan, and other refugees who have lived all their lives in cities do in rural areas? What good will this do the rural areas?

Not seeing any real prospects for themselves, some of the refugees, long before the appearance of Decree 1049, went to the American Embassy requesting permission to go to reside permanently in the United States.

American Authorities Are Calling the Refugees, but the Russians Will Not Let Them Go

As we have learned, more than 100 of the Baku refugees have already obtained permission from the American Government to settle in their country. The American Government is prepared to fill out the documents, but everything is locked up tight in the foreign passport office—the UVIR (Visa and Registration Administration) is refusing to issue documents to the refugees. The reason is that they have no residency permits or citizenship—only a citizen of Russia may have a passport, and certainly not a refugee.

But obtaining citizenship deprives the refugees of their status, and along with it many privileges to which they now have the right.

The leader of the Russian UVIR, Rudolf Kuznetsov, in response to attempts on the part of the refugees to clarify this issue, said that he does not intend to go to jail because of refugees—what if suddenly one of them, when leaving Baku, for example, did not turn in a television set he had rented... In the opinion of a member of the Moscow Committee of Protection of Rights of Refugees, Anzhela Atamalyan, who requested a meeting with the leader of the UVIR, such an announcement appears blasphemous, taking into account that the Baku refugees left all their property, their apartments, and their work there, and many lost their loved ones because of the thoughtless and cruel ethnic strife that was instigated by politicians.

Here is the paradox: Without citizenship and a residency permit it is impossible to obtain a foreign passport. But still one can participate in political life. And these refugees elected the president of Russia and participated in the April referendum.

Application of Laws on Inciting Interethnic Hatred Reviewed

944F0177B Moscow IZVESTIYA in Russian 24 Nov 93
First Edition p 8

[Article by Maks Khazin, IZVESTIYA: "Crime Without Punishment? Justice Is Slow in Dealing With Cases of Incitement of Ethnic Hostility"]

[Text] A person can stand up in any "patriotic" assemblage with any kind of chauvinistic and nationalistic flag he wishes and heap abuse on all kinds of non-Russians

over the microphone. A person can publish cheap inflammatory leaflets and sell them wherever he goes, proclaiming the most monstrous views regarding all of these same non-Russians. Everyone knows that he will get away with it.

Aleksandr Yegorov, chief of the administration for oversight of the execution of laws on federal security and interethnic relations (I emphasize—he was recently appointed to this position) is convinced that this is a widespread delusion. And he confirms his conviction with examples (I myself asked him to use the Ostashvili case because it is well known).

In Ulan-Ude people passing by on the street noticed a person posting leaflets whose main idea consisted in the phrase: "Russians, out of Mongol-Buryatia!" The signature was "the National Army." Fleeing from the militiamen who were pursuing him, the person posting the leaflets threw down a leather jacket and along with it a good 50 of these leaflets. They caught him anyway. Nikolay Pinoyev categorically denied his participation in what happened and especially his belonging to the "National Army" of Buryatia. But since he manufactured his products without leave from production (and he worked in the Selenginsk militia division as a duty inspector), it was not difficult to find his typewriter there, which, incidentally, he tried to destroy so that it would be impossible to conduct a criminal expert assessment. The militia captain was convicted.

In Moscow criminal charges were brought against the editor of the anti-Semitic newspaper RUSSKOYE VOSKRESENIE, Batogov. There is no need to enlarge upon what he was doing—it is fairly standard. Something else is typical—the investigator from the procuracy was repeatedly threatened on the telephone, Pamyat was taken to court, and they threatened to organize a rally. Batogov himself did not appear in court, he escaped the investigation, but the newspaper still continued to come out with articles with the same chauvinistic bent and in revenge it called the city procurator a "lackey of the Jews." Batogov was finally arrested, but within a little more than a month the court changed his punishment taking into account his health and the fact that he had a permanent residence. The case is now in court awaiting a hearing.

I asked A. Yegorov if there were criminal cases involving physical conflicts arising from the interethnic situation and what contributed to them.

[Yegorov] Strange as it may be, most frequently they begin by chance. Although it is not without reason that philosophers say that chance is necessity recognized....

In the summer of that year in Astrakhan Oblast residents of the village of Biryuchye Koso were "strolling" on the banks of the Volga. As frequently happens when many people were out walking, there were several drunken brawls, and a certain Ignatov was beaten up in one of them. He asked for help from his sister's husband, a Chechen, and the two of them found the offender and

"punished" him. That generated the rumor that the Chechens, were beating up "our people." The next day a crowd of Russians (many of them not sober) gathered in front of the House of Culture and made a decision to expel all Chechens from the village. For good measure they beat up the first three they encountered and then went to the Chechen homes. Several Chechens came out with grenades in their hands and asked that they be left alone since they were not guilty of anything. The militia were called and the Chechens immediately placed the grenades on the ground, two of them were arrested (the official charge was keeping weapons), and two managed to go into hiding. The next day the rural assembly officially adopted a decision—to expel 13 families—which the rayon procurator immediately protested. The situation heated up and, apparently, both sides were preparing for imminent conflict. In any case, a couple of days later a seven-year-old Russian boy was playing in his yard...with the grenades, one of them exploded, and the child was killed.... What was the only conclusion the local residents could draw? Correct—the boy had been "blown up" by Chechens. The crowd rushed to their homes and threatened to resort to weapons and arson. Within two hours 18 families were expelled and taken outside the village. Several buildings were burned anyway. The thugs took some loot. A criminal case is underway and criminal charges are being brought against the most active participants in the pogrom.

And what happened to the protest from the procurator? I wondered.

[Yegorov] Unfortunately, the court responded to it only partially: The only part it deemed illegal was the expulsion of Chechens who were registered in the village. But they themselves no longer want to return, and one can understand why. As for the guilty parties, they went unpunished."

To me personally this seems like a poor consolation. In my view, it is much more important to punish those who are verbally inflaming ethnic dissension and calling for the pogroms. A year before this incident, some people were posting leaflets in Akhtubinsk (also in Astrakhan Oblast). "We will expel the Chechens from our city! We will give the executive committee two weeks notice...if they do not fulfill our request we shall retain the right to kick the Chechens out violently...." And all this was in the name of the "Assembly of Volga Cossacks." You will agree that the signal is fairly alarming. But nobody did a thing: Three months later they refused to file criminal charges because of the absence...of evidence of crime. Charges were filed two weeks later. Of course they did not find anyone. But did they look seriously?

It is probably no accident that a new little word has already entered the publicist's vocabulary—Chechenophobia. [end Yegorov]

IZVESTIYA readers have written us repeatedly: The first reaction of the law enforcement organs to the signal of the incitement of interethnic hostility was to push it

aside, not to make a decision, and to act as though nothing had happened or that this was a matter of innocent pranks. And it seems that nobody demanded that charges be brought against the editor of the rabid black-hundred leaflet called "Puls Tushina"! Scholars, writers, journalists, upholders of the law. What is this? It was with a great deal of difficulty that they managed to file criminal charges, but the procurator of Tushinskiy Rayon illegally suspended them three times (!). And only when the investigation was assigned to the procuracy of Khoroshevskiy Rayon was it completed and the case sent to court. For those who have their doubts about which procuracy was right we shall give the names of only a few articles from this list: "Secret Forces," "Sabotage Against the Russians," "Judases," "They Are Being Beaten—and It Serves Them Right. Shall We Get Rid of Them?" "Hangmen," "Provocateurs," "Without Kith or Kin," "Patriarch of Tel Aviv or of All Russia." It is clear who this is about. The Russian president was included among them: They mockingly depicted him with a halo in the shape of a six-pointed star—the symbol of the Jewish religion. But more dangerous than the ordinary thug are the publishers and editors of such products. In this case V. Fomichev ended up in court. True, without conducting a hearing the court returned the case for further investigation in order to resolve the issue of the responsibility of the co-editor and to interrogate the authors of all the articles. This decision was protested by the procuracy. But nonetheless in this case the wheels of justice turned slowly, and they are very squeaky, but they budged from the spot. In other cases simply nothing happens. And this does not pertain only to those who hate Jews.

In the odious St. Petersburg rag NASHE VREMYA one note was illustrated as follows: There was a drawing of two rats and then the text—"who if not we will pull the tail of the yellow-and-blue rat?" The reader L. Trakhtenberg sent "this" to the city procuracy, correctly calling it an anti-Ukrainian attack. There was no reaction. And yet the black hundred have become more active in St. Petersburg than anywhere else. The chairman of the so-called popular-social party, Yu. Belyayev, (incidentally, he is a former militia officer) has already warned the procuracy about the incitement of "anti-Caucasian" sentiments. At the same time he was protected by deputy immunity. We shall see what will happen now.

In Tatarstan a certain F. Bayramova published an article in the newspaper SHAKHRI KAZAN entitled "A Real Tatar Is Tested on the Square." A Russian translation of the article was printed in VECHERNYAYA KAZAN and KAZANSKIYE VEDOMOSTI. There is an abundance of pearls like these.

"Perhaps the ethnic group itself will rise up, there will be some kind of miracle, and the Tatars will escape from the clutches of Russia, from the clutches of Moscow." "Will a self-respecting Tatar really interbreed with his enemy?... Can we really bear this extra Russian burden?" "...And they think we can get these Russians to shut up."

Z. Zaynullin went even further in his interview in *IZVESTIYA TATARSTANA*: "The Russian is lazy and crippled by great-power chauvinism.... In order to become a full-fledged nation like, say, the French, Germans, or Tatars—he will have to give up drinking, learn to work, and respect other peoples." Incidentally, he also has an unflattering opinion of the Tatar nation, which is "beaten and degraded, without rights, and afraid of the Russians, is merely a work animal."

Both cases have been suspended repeatedly and I am convinced that they will never make their way to court.

Of course the new administration chief, A. Yegorov, is quite well aware of all this, and not from readers' letters but from the criminal cases themselves.

[Yegorov] Why do they take so long and why are they so weak and indecisive in their investigations? There are many reasons for this. In particular, we do not have experience; after all, this is a completely new category of cases. All their lives investigators of the procuracy have worked on cases of murder, rape, and crimes in office. And there were also militia workers. But suddenly inter-ethnic relations, which nobody had ever heard of before, have flared up and nobody knows how to approach them. And even the experts sometimes stray from the path with their scholarly conclusions. Do you know what an expert evaluation said about Zaynullin's statements? That they do not contain elements of degradation of the national honor and dignity of the Russian people and do not contribute to inflaming ethnic hostility and dissension. [end Yegorov]

The expert evaluation is a subject for a separate discussion. For example, it never occurred to me that in cases of inflammation of ethnic hostility, that is, in order to evaluate one printed product or another which was initially intended for mass consumption it is possible to appoint a sociopsychological, literary-artistic, historical-stylistic, and even a historical-philological expert commission—depending on how you look at it. There is no doubt that in certain especially complicated and extraordinary situations it is a good idea to rely on the conclusion of scholars. But are the examples cited in this article really beyond the understanding of investigatory-procuracy and judicial workers? They do not appoint moral-ethical expert committees for cases of hooliganism or a sexological commission—for rape.

But still, how can one make the law "work" so that militant chauvinists and nationalists, engaging in their dirty trade, experience if not fear of retribution then at least the basic uneasiness of a con man who is always looking over his shoulder? Here it is impossible to rely on the idea that "a narrow specialist" fixated on hatred for some one ethnic group is taken seriously by few and that no real harm can come of this. Impunity incites people and can lead to completely unexpected consequences.

S. Kostromin published an anti-Semitic rag called *NAKANUNE* in Zlatoust. While he was being given

leisurely warnings, investigated, subpoenaed, while the case was being returned for further investigation, and so forth, he recently up and proclaimed the formation of the YuUR—South Ural Republic. Naturally, he appointed himself president and one of his first edicts declared a deportation.... Do you think it was of the Jews? If only it were. The appetites of the pretender turned out to be much greater: Tajiks, gypsies, Chechens, and generally all "individuals of foreign states." Apparently this includes Ukrainians, Belarusians, Uzbeks, Moldovans....

A. Yegorov has his own career plans. He thinks that it is necessary for investigators to specialize and be assigned only cases of this category. Acquiring special knowledge and skills, becoming a skilled hand, as they say, they would prosecute cases more aggressively (a professional term), skillfully, and quickly. And then every home-grown fascist or pogrom ideologist would not be able to wait for years for his turn to come to go to court while sowing seeds of hatred among people in the meantime.

Lysenko Views State TV Company Issues

944K0309A Moscow *LITERATURNAYA GAZETA*
in Russian No 46, 17 Nov 93 p 14

[Interview with Anatoliy Lysenko, general director of the All-Russian State Television and Radio Company, by *LITERATURNAYA GAZETA* observer Oleg Moroz; place and date not given: "Our Problem: Everyone Is Abuzz About Politics"]

[Text] [Moroz] Anatoliy Grigoryevich, is it interesting to work as a supervisor of journalists? Is this more interesting than being a journalist?

[Lysenko] No, of course not.

[Moroz] Then why are you doing it?

[Lysenko] God only knows why. Probably because of my passivity. All my life I have been responsible only for myself. That is the best way. You set your own regulations, you take care your own life. During the years of stagnation my friend, the late Volodya Solovyev, and I had a wonderful life. We did whatever we wanted to. We had a congenial editorial office. I have in mind the youth division of Central Television. If there was something we did not want to do we would immediately leave on a pass from the Komsomol Central Committee for some remote regions...then "Vzglyad" appeared. Of course there was administrative work to do there too, although it was more creative than it is here. But in general the brightest moments are when there is a possibility of sitting down with a group and running some footage, having a look... Coming up with something. This, of course, is incredibly interesting. And it is altogether different from dealing with questions of investments, housing construction, or dividing one room up between three groups, which is what I am doing now.

[Moroz] In your view, which programs on Russian television are the most interesting?

[Lysenko] It is hard to say. Even a year ago I was in a complete state of shock. It seemed to me that nothing would come of it. Now—maybe because the Ostankino channel is falling apart and maybe because we ourselves have begun to work better—the situation has changed. Which programs are the best? If you are speaking about political programming—"Without Retouching," "A Moment of Truth"... Even on such an program as "Waiting Room," which is still evolving, however, there is something. This program could be very interesting: After all, we have spent all our lives in a waiting room—it is a symbol of our country!... The Leningraders sometimes have successes. For example there was the brilliant program which is not really political—"Master Class with Obratsova." I have never played a note in my life but I sat in front of the screen quite transfixed. The same thing can be done with baking, cooking, engineering, pedagogy...next we are going to have a "Master Class" with Rostropovich or Vishnevskaya.

[Moroz] I have no doubt that you will be successful with Rostropovich and Vishnevskaya, but how about ordinary people?

[Lysenko] What do you mean? A couple of days ago there was a program called "Unsung Leaders." Some cooperative member...a teacher...rank-and-file people. After all, where did the glory of the youth editorial staff of Central Television begin: They went out on the street and asked passersby what they thought about one thing or another. People found it difficult to loosen their tongues, to express any ideas. But now—it is as though everyone has learned to speak. This fear has disappeared. There is a mass of curious people. And it can be very interesting. Or take the program "White Raven." Again—so many extremely interesting people! "A Man of Action"... It seems that God only knows what kind of program you could have about business people. But there are so many wonderful personalities! A woman who created a nail factory and is flooding the country with nails. And this woman is more useful than all of the former deputy corps, may they rest in peace. I consider our literary-dramatic programs curious although on the verge of being boring. But they probably have to be somewhat conservative. There are fairly good musical programs, although that is not my "cup of tea." All those insane programs like "Program A," etc. All those "belly scratchers" as they were called in my day. They too are looking for something and finding it. The channel is going through a period of emergence here.

[Moroz] If you come across something you do not know about, whose advice do you rely on? Why do you think that this must be shown?

[Lysenko] I know that the viewers break down the doors to concerts by these groups. The young viewers. Why should I impose my tastes on them? When I look at the program "Retro" I am thrilled by the singers from my day. I think our task is to provide a spectrum and not act as though it does not exist.

[Moroz] And astrology—is that your cup of tea?

[Lysenko] No. Although the program "The Stars Speak" did not appear without my help. Apparently during troubled times a person needs things like this. He looks for some kind of help, reinforcement for his life. None of that does anything for me, but some people need it.

[Moroz] Yes, it satisfies certain needs of people who are not very intelligent.

[Lysenko] But television should not be oriented solely toward the intelligentsia. Television is a mass art. Of course it is absurd when on the same channel you have, say, Ostrovskiy and Pyetsukh... "Program A" and Mravinskiy...but we do not have 10 or 12 channels so that they can all be separated. This is both our weakness and our strength.

[Moroz] Your television company is frequently reproached for being biased, unobjective. How fair are such reproaches?

[Lysenko] Biased—yes. A lack of objectivity—no. When the company was created, people with a very clear political orientation came here. Hence the bias. As for objectivity...I think we have now reached the normal level—we try to be objective insofar as this is possible in our crazy life. Although this is incredibly difficult. I get so many phone calls every day: "Why do you not just report the facts and not say whether a thing is good or bad?" We are living in a country where we were brought up this way: Each time a finger pops up on the screen and points to which one is good and which one is bad. I think that if we can make 150 million people—from the most intelligent to the stupidest—sit down at the same time and think for a second about the same question, we have done our job.

[Moroz] Your television company has a clearly expressed democratic direction. When you hire new journalists, do you take their political views into account?

[Lysenko] No, we are interested only in their professionalism.

[Moroz] But what if people with altogether different convictions come to you?

[Lysenko] You know, for some reason they do not come to us. We have those who are a little to the right and a little to the left... There are many who are disenchanted with what is going on. After all, everyone wants changes for the better to take place more quickly. But on the whole our orientation is indeed democratic.

[Moroz] What can you say about the new generation of television journalists? The new generation selects...what?

[Lysenko] Sneakers.

[Moroz] No, seriously.

[Lysenko] I am being serious. You understand what is happening: So far I do not see a new generation of journalists. Offensive as this may be for the young people. It used to be that before a person could appear on the screen he had to go through an immense amount of schooling. How to ask a certain question and especially what to say, to express your own opinion—one could dream about such things. But now almost any neophyte journalist may appear on the screen and yell at the president, and merely because, you see, he got up on the wrong side of the bed. Or he will conduct an interview with the prime minister—and what happens? Big deal, what an event. There is no longer any need to prove that you can do anything. A kind of superficiality has appeared—superficiality in thoughts, in behavior, a superficiality in the attitude toward words, a lack of respect for them...a lack of respect for facts, for precision. And the second thing that is terrible is the commercialization of television. This has the most fatal effect on youth. They used to come up to you and say: "You know, I have an idea. You could do this kind of little program...." Now they say: "You know, we have sponsors, we want to do a 45-minute program. We need four to five minutes of advertising time."—"All right, but what about the program?" They cannot tell you anything for certain. Everything has been turned inside out, the material side has been placed above the creative side. Of course, the state is to blame here too—it should pay the journalist. Now for an hour program he receives 8,000-9,000. Do you consider this money?

You know, where is our new journalism? Take the program "Grapevine News." This is who I believe in. Children from eight to 12 years of age are sitting there. And they are discussing the news. A children's program. At first when they showed it to me I had the feeling that it was a group of people dressed as children. But then I looked closer and it was nothing of the kind. The 11-year-old leader: "It seems to me that the government does not pay enough attention to this and to that..." he was sure of himself. He had no fear. And they work incredibly hard. It is a fundamental achievement that the children have stopped lisping. They are serious, reliable children. There was a conversation about school economics—what do Shokhin and Gaydar mean to you. These are the children I am counting on.

[Moroz] Who do you now consider to be your number one journalist?

[Lysenko] Nobody! God forbid! They would immediately chop off my head. What do you mean! I could name a number of them. Kolya Svanidze. If you are talking about information programs...Sveta Sorokina, Shkov, Khudobina, Arisha Sharapova. She rose up very quickly. Misha Ponomarev, whom I did not like at first. He is one of the leaders. Marina Lilleviali, Martynov. An excellent worker. Our "reporter" group works brilliantly. They are sharp as a tack! Then there is Serezha Torchinskiy...Maslova Ira—the Leningrad chaps.

[Moroz] What about Karaulov?

[Lysenko] Well, he is not on our staff. I am speaking about staff journalists. Sometimes I like him, the way he works, and sometimes I do not. To be honest, I would like for Andrey to speak more with figures in culture and art. Not politicians. This is a kind of tragedy: In our country everyone—from clowns to housewives—is talking politics. And he draws them to this. He is clever. Sometimes you look and think: "That is foppishness." And then you take a closer look: No, it is structured. I have the feeling that he prepares for the program. Another problem of our television workers is that they do not prepare enough.

[Moroz] Which of the "Moments of Truth" do you consider the most successful and which the most unsuccessful?

[Lysenko] God only knows... He was not successful when Andrey Makarov was on. Once we simply canceled him. But there was another time when he was not successful. And there I can explain the reason for the failure: They know one another too well, and they were not interested in one another. He did fairly well with Yanayev, although Yanayev upstaged him. But sometimes it is interesting when a person has upstaged you. What happened with Konstantinov was fairly curious. It became terrible. The same thing was true for Karaulov and then some. With Tikhon Khrennikov—at first it seemed to me that that would be bad. I took a second look and no, it was not bad. This was a living person. But with Mariy Vladimirovna Mironova, in my opinion, it did not work. He did not succeed in drawing her out, although, it seemed, she was a very open person. There have been programs on which she was more interesting. I like the fact that Andrey is a hard worker. Because this kind of a program is incredibly difficult. He works almost live; very little is written for him. And this is very difficult. It is just a pity, I repeat, that he departs from his "realm"—figures in literature and art. I would find very interesting, for example, a "Moment of Truth" with Bondarev. I am not talking about Rasputin. Such greatness and such views... It would be interesting with Shafarevich. It would be interesting to figure out—why...for many people of my generation Yuriy Vlasov, for instance, was a paragon of decency, courage, and democracy. But now you read his articles and you think: Is it the same person or is it not? And it would be interesting to know at which fork in the road a person turned in a particular direction. And Andrey manages to reveal this.

[Moroz] What is the significance of the mass flight abroad of your most popular former lead newscasters—Rostov, Gurnov, Flyarkovskiy? As journalists they have clearly lost something from this relocation.

[Lysenko] They have. And I warned them all that they would stand to lose. But the fact is that they are all internationalists except for Slava Flyarkovskiy. And every international correspondent wants to work as a staff correspondent abroad. They left—and what happened? Where is Yura Rostov? Where is Sasha Gurnov? Where is Slava Flyarkovskiy? And this was a terrible

thing... Of course they have things better over there. But you know, if you look at the material side of things, a popular journalist can earn good money here too. And in addition—recognition on the streets, a sense of prestige... That is something too. It creates the feeling that you are a master of thoughts.

[Moroz] What problems are facing Russian television?

[Lysenko] There is just one—material and technical support for the company. There is no domestic television equipment. And there will be none for the next 10 years. And it takes money to buy foreign equipment. As soon as the next putsch takes place they will promise it to us. When the putsch ended they immediately forgot their promises. And after all, even in spite of the lack of assistance, we did not shut down on 3 October. If they had taken this building we would have gone on the air from Shabolovka. If they had taken Shabolovka, we would have gone on from Podmoskovye... We met on Wednesday 29 September and made plans for all possible contingencies in an emergency. And after Friday practically nobody left the company... It was not a bolt out of the blue. I just thought that everything would happen on Saturday. I was off by one day.

[Moroz] If "TV-Parliament" had delivered us the equipment which the government has now appropriated, would that have helped you a great deal?

[Lysenko] I cannot say that that would have solved all the problems. But considering our poverty, every little penny counts. Having an extra camera or editing and cutting stand—that we can only dream of.

[Moroz] Do you think that your television company is independent enough or can you not talk about that?

[Lysenko] I would say this: Materially we are 100 percent dependent, and spiritually we are 100 percent independent. During the three years of the company's existence, six to eight pieces have been taken off the air: two or three episodes and four or five broadcasts. One of them was the "Moment of Truth" with Makarov which I already mentioned. It was weak. Then I canceled a rerun—and Oleg Poptsov supported me in this—the "Moment" with Pavel Gusev. Andrey Karaulov had a line like this: "When Rutskoy surrendered in Afghanistan..." I told him: "Andryusha, that is low..." Two or three times we withdrew pieces for more careful checking. Because now very frequently they slip us garbage—to compromise the competitors or something else. Maybe twice we canceled pieces out of purely tactical considerations: "We cannot quarrel with this structure right now." That is why we are materially dependent. It is very repugnant, of course, but what can you do? That is all. We have not canceled anything else. But if I had my way I would have canceled half the programs. For nonprofessionalism. But, on the other hand, it is also impossible to demand professionalism under these conditions of poverty in which we are working.

[Moroz] And why did you cancel the program "EKS": corpses in the morgue of the Botkinskaya Hospital after the October events and so on? NEZAVISIMAYA GAZETA wrote about that.

[Lysenko] Unfortunately, I did not see this program myself, but I know that it was withdrawn by the directors of the television channel again out of purely professional rather than political considerations.

[Moroz] What do you envy about other television channels?

[Lysenko] In Ostankino I envy the three or four hit entertainment programs. We do not have these. So far. Which ones? Well, I like "KVN," "What? Where? When?" I like "A Field of Miracles." I like the Listyevs' "Theme." A good, well-done program. I like Lenya Parfenov, who does "Lately"—on NTV now. In general I have always like him. I envy that. But that is all. We have the best political programs. And perhaps our entertainment programs are not bad either, but not as good as the ones I named—the fascination of the times. And then, of course, there is the mastery. Where will you find a director like Volodya Voroshilov? All you can do is lick your lips. Polish, precision. Vlad does brilliant work on "Theme." He has grown as a leader beyond all expectations. He has grown fantastically.

REGIONAL AFFAIRS

President on Sakha Concerns, Elections

944F0214A Moscow LITERATURNAYA GAZETA
in Russian No 48, 1 Dec 93 p 11

[Roundtable discussion with President of the Republic of Sakha (Yakutia) Mikhail Nikolayev at the LITERATURNAYA GAZETA editorial offices; date not given: "The Period of Difficulties Must Be Passed Through More Quickly. It Is Impossible to Sidestep This Segment"]

[Text] "Thank you for the offer to meet in this comfortable Club 206 setting with people who are kind—as I can see from your faces"—these are the words with which the president began our meeting. "It seems that here in Russia we still have plenty of kindness. When the first Russians were going to the East they received some very good instructions—treat people nicely. Do not do anything bad, mean, or degrading, act only with kindness. And those pioneers accomplished a great deal while following these precepts. It is no accident that 360 years ago we, the people of Sakha, voluntarily entered the Russian state.

"Sakha and Yakut are not identical words (or concepts). Yako—in Evenk means 'people with cattle,' cattle breeders. Thus the Russians called the land by the Yenesei Yakol. Then the Yakol land was transformed into Yakutia. And the people of Sakha never called themselves

Yakuts. Sakha translated into Russian means, 'person of the sun.' This is why we like sunny faces and kind people so much."

After this brief introduction the questions and answers followed. Perhaps they were sometimes not really sunny, but they got to the heart of things.

Sovereignty and Diamonds

A. Udaltsov, editor in chief of LITERATURNAYA GAZETA. As we know, you have just returned from a business trip to Tula where you went along with the president of the country, as a part of his delegation. We understand that it was not a random gathering of administration chiefs in this city, but the press was given little information about the meetings in the Tula land and the trip itself. Therefore we would be grateful if you would tell us about this trip and its results and share with us your personal impressions.

M. Nikolayev. During this meeting I repeatedly recalled the expression "The people and army are one." We, leaders of the components of the Russian Federation, civilians, met with the military. And here, on the one hand, the military industry showed us its intellectual forces, its capabilities of participating directly in the shift of the economy of the Russian Federation to a market basis. And on the other hand, military science demonstrated what we could lose if we drop from the levels we have reached and do not resolve a number of serious problems. This pertains especially to military doctrine and what it should be.

Of course we also touched upon the draft Constitution, and there was discussion of the forthcoming elections as well.

G. Tsitrinyak, observer. You have talked about kindness. I too want to ask a question about it. How far can the kindness of the state extend on the plane of sovereignization of regions? What should be the conditions whereby the republic can claim self-determination, sovereignty, and so forth, and, say, cannot claim a room in a communal apartment?

M. Nikolayev. If that question were asked before August of '91 it would have been possible to try to answer it theoretically. I was a participant both in the Novo-Ogarevo proceedings and the meeting of the Soviet of the Federation of the former Union, and I heard how the leaders of the republics asserted that the center was robbing them: "We, they said, are powerful," "we are giving up everything," "we can do everything ourselves." Now, two years later, everyone is convinced of how differently everything turned out in reality. The situation is extremely difficult in Ukraine, Uzbekistan, and Kazakhstan. Life is giving you an answer to the question you are asking.

In my view there has not been a great deal of explanatory work among Russians about sovereignty. And there is no objective approach at all to the problems that are arising in the localities.

They all assert: There can be no return to the old ways. What do we mean by that? There was a dictatorship. There was strict regulation and there was the transformation of everyone and everything into raw material appendages of the empire. This is what we had to get away from, although formally we received the rights of autonomous entities during the 1920's, the right to call ourselves states and republics.

But, tell me, can a region be called a state or a republic if it does not own anything, if it cannot dispose of what it has? Our republic, for example, while giving the country approximately 1.5 billion in foreign currency each year, received about 4 percent of this sum for itself. And the only things the republic owned were municipal services, local industry, and public health, education, and cultural facilities. And the basic production capital was not republic property but the property of the ministries and departments of the Union.

And this duality of the situation led us into an impasse. This is why the state structure is being transformed today.

The republics, calling themselves states, are raising the question of their property. Of their right to possess it and dispose of it. Here I do not see separatism, a desire to break away, none of that of which the former autonomous entities are now being accused. I think that normal sovereignty ends where the collapse of the Russian Federation begins. I held this opinion before and I hold it today. It is precisely the kind of sovereignty we adopted after nationwide discussion, having unequivocally spoken out in favor of remaining a part of the Russian Federation.

Yu. Shchekochikhin, member of the editorial board. I want to continue the discussion about a republic's right to own what belongs to it. And not to someone else. We know that Yakutia is a diamond center of worldwide significance. For many years in a row there were secret meetings in London, secret evenings when the Republic of South Africa [RSA] and the USSR discussed diamond business. Did representatives of Yakutia participate in these negotiations at that time? That is the first question. And the second: How have things changed today? Do you, say, have personal contact with the RSA, with Botswana, with DeBeers, with that empire? How is the diamond business conducted in practice?

M. Nikolayev. That is a fairly delicate question, but I must say unequivocally: Workers of the republic and leaders of the republic previously did not even know what they were mining.

Now a number of documents are in effect, treaties have been signed, there are edicts and governmental decrees, and the extremely large joint-stock company, Diamonds

of Russia-Sakha, has been created. It engages in the mining, sorting, storage, cutting, and sale of diamonds. This company is under the supervision of the Government of the Russian Federation and the Government of the Republic of Sakha. It has a special supervisory council.

The distribution of the profit obtained from the sale of diamonds used to be specified. Each of the two governments—of Russia and the Republic of Sakha—received 32 percent, 23 went to the labor collective, 1 percent went to each of the eight regions on whose territory the mining was done, and 2 percent went for the restoration of the economy.

Additionally, the republic was given the right to buy at a fixed price 20 percent of the jewelry diamonds extracted on its territory. These stones go for the development of our brilliant industry and for the production and sale of brilliants directly at auctions of DeBeers.

Access to the auctions is provided according to a single system and through a single channel—through Almazeksport. Whether it be Gokhran, which has the right to sell from reserves accumulated in the past, the Almazeksport company itself, or our republic, each one has its own quota which is approved by the Government of the Russian Federation.

Who Is Defended by the Constitution?

A. Udaltsov. After the recent publication of the draft Constitution, in many regions ecstatic responses, shall we say, did not follow. This was linked to the equalization of the rights of the republics and oblasts, the lack of a text of the Federation Treaty in the Constitution, and the imprecision, in the opinion of certain scholars, of the concept "sovereignty." And yet Sergey Shakhrai recently stated that it is necessary to obey this Constitution and live by it since they had done a great deal of work on it. And then, he said, the Federal Assembly would be elected and it would be possible to revise the Constitution in a civilized way when it comes to the rights of the independent republics. What viewpoint do you subscribe to?

M. Nikolayev. From the very beginning I have emphasized that the sovereignty of the Russian Federation now extends to all of Russia and this strengthens the positions of the republics. That is, they understand their status to mean much more than it did previously since each component enjoys the sovereignty of all of Russia.

On the other hand, the Constitution would be stronger if the Federation Treaty were included in it. But today, having constitutional force, it will exist independently. It turns out as if we will have to be guided by two constitutions.

At the same time with regard to the question of whether the Duma will have to change anything in a civilized way or not, in my opinion we should not particularly focus attention and agitate people. We must clarify more the

basic aspects pertaining to the republics. They exist in the new draft. Rights of possession and use have been added. I do not see any economic encroachment on the republics. Or on the political plane either. But I would like to discuss this. There are civilized states where questions of the connection and independence of the territories are very well developed. For example, Switzerland with its cantons and semi-cantons. It would be good for our multifaceted Russia to take the experience of these countries into account.

Nothing lasts forever. We ourselves are improving, and Russia will also improve. So probably nobody thinks that this is a constitution for the ages.

A. Sabov, LITERATURNAYA GAZETA observer. Are you not disturbed by the contradiction that the draft Constitution declares the equality of all components of the Federation, but we do not have just one Federation Treaty—three of them have been signed. A separate one for the autonomous (national) republics, a separate one for the autonomous districts and oblasts, and a separate one for administrative oblasts and krais of Russia? How does one resolve this contradiction?

M. Nikolayev. According to the draft Constitution, the republics are states which have their own legislative organs. The oblasts, krais, and territories have only regulations. So the article on the equality of all components of the Federation is somewhat declarative in nature.

I have said it repeatedly and I shall repeat it once again: Russia is multifaceted. There are no analogues to this state in the world. Russia is European, Russia is Asian, Russia is Siberia, Russia is the Arctic, Russia is the North. And so forth. The territories are at various levels today. They have completely different budgets and dissimilar sources of augmenting them.

This must always be taken into account. The power of the Russian Federation lies in accounting for its multifacetedness. And we must not try to artificially make everyone the same. The main thing is that we are a part of the Russian Federation.

A. Sagov. If 80 percent of the population in this country are actually Russians, one automatically asks the question: Is there some kind of justice in the asymmetry that is arising?

M. Nikolayev. I do not completely agree with you. There are two or three republics where the indigenous population are in the majority. And in all the rest of them it is the Russian-speaking population. What kind of encroachment can there be when you yourselves are the majority? That is on the one hand. On the other, the constitution of any state is democratic as long as it protects the minority. The majority does not need protection. The minority—yes, it always needs it.

Ye. Bershin, observer. When you were explaining the need for republic sovereignty you relied on economic

issues. Does it not seem to you that with the change in ownership, that is, with the transition from state ownership to private, these issues would be resolved of their own accord? And in a quite natural way. Then why do we need such a concept as sovereignty?

M. Nikolayev. I have already said that in the past, while it called itself a state, the republic barely had ownership of the municipal economy. Today we have completed a delimitation of ownership in the Russian Federation. And now we know clearly: There are three kinds of property on the territory of the republic. The first is the property of the Russian Federation, the second is the property of the republic itself, and the third is private property. For instance, in construction only 30 percent is state-owned in our republic now. And the rest is joint-stock, collective, or private property. Three years ago there were about 190 sovkhozes. Today there are only 30 left. Yakutia is one of the few republics and territories where, in spite of all the difficulties, the number of head of cattle is increasing. Because of private ownership. The process of change is very long. We must keep this in mind when linking sovereignty to new forms of ownership.

Yu. Kulikov, deputy editor in chief. President Yeltsin uttered a well-known phrase several years ago: "Take as much sovereignty as you can swallow." How did you feel about those words then and how do you feel about them today?

M. Nikolayev. Let us approach this from the standpoint of the economy. Since last year we have not taken a single kopek from the federal budget. We are supporting the entire republic ourselves. From our own revenues and from our own work. Can that really be a bad thing?

G. Tsitrinyak. When there are diamonds.

M. Nikolayev. I have already told you how we distribute the diamonds. Our republic is very credit-intensive. Because of the seasonality it requires immense financial resources for its development. The gold industry is in operation for three to four months. And hundreds of thousands of people must be supported—in the villages and cities, in the ore enrichment combines, etc. If we were to follow the example of others it would be disadvantageous for us, we would not produce, and everyone would suffer.

An example is tin extraction. The republic extracts practically half of all of Russia's tin. This is beyond the North Pole. The annual output is approximately 23 billion rubles [R]. But it takes 40 billion to maintain the ore-enriching combines and the people. Yes, today we have the market, and there are economic laws saying that if it is disadvantageous, it should not be produced. But the country needs tin. We could eliminate all industry in the transpolar part of the republic, but the interests of Russia would not allow this.

In Magadan Oblast during the past three years the population has decreased by 25 percent, in Chukotka—

by one-third, but in the Republic of Sakha—practically not by a single percentage point. Because we know that today things are hard but tomorrow they will be easier. We must get through this period of difficulties as quickly as possible. We cannot sidestep this segment.

Yu. Kulikov. But still, what do you think, did President Yeltsin regret his words about sovereignty?...

M. Nikolayev. Hardly. And what is wrong with that? I can see from experience in my republic that it has lost nothing in spite of all the difficulties. Today the republic has things it could not even have dreamed of three or four years ago. And not to the detriment of the interests of Russia.

O. Moroz, member of the editorial board. My first question. Do you think that recently the USSR and then Russia, the central, Moscow government has been implementing a colonizing policy with respect to Sakha-Yakutia? And my second question. You were a witness and participant in the agony of the Soviet of the Federation in its previous form. How do you explain the outburst of anti-Yeltsin and pro-Khasbulatov activity of Kalmykia President Ilyumzhinov?

M. Nikolayev. If we look at the results of the referendum on 25 April for our republic, they are clear: The peoples of Sakha expressed support for the reform and the one conducting it—Yeltsin. Some 70 percent voted "for." In the cities it was up to 80 percent. And what is typical is that it was not less than 50 percent in any one of the 35 rayons. The president's rating is highest in our republic. As for the behavior of the president of Kalmykia, let him answer your question himself.

A. Udaltsov. The elections will take place soon. Do you have in your republic all the blocs that are so active in the center—Russia's Choice and others?

M. Nikolayev. I do not think that what has been created in Moscow and passed off as Russian parties are really that. We have a small group of the Shakh-ray Party—about 1,000 people. No more. We are nonparty people. True, there is the Communist Party—about 3,000 people. They are mainly pensioners and rural residents.

Something About the Quality of Life

L. Velikanova, editor of the city life department. How and for what do your people live? Materially, spiritually? How is their health? There is such a term as quality of life. It combines everything and takes it all into account, including, for example, ecology. What is the quality of the life of the peoples of Sakha?

M. Nikolayev. Our population amounts to 1.1 million people. There are 400,000 Sakha people among them. All 100 percent of the Udege nationality live on our territory. There are 1,100 of them. We have 60 percent of the Evenk living on the territory of the Russian Federation and 70 percent of the Even. There are a total of 28,000 of them. The population is employed mainly in agricultural

production. This has developed historically. The Sakha people are mainly cattle breeders. The Even and Evenk are sheep breeders and fishermen. Reindeer breeders have maintained a nomadic way of life up to the present day. During the summer they keep the reindeer in one place for three to five days. Then they change the place. They stay from May through August along the Arctic Ocean where it is cool. Then they come back. For wintering. During the winter they stay in one place for approximately three to four months. Then they move to another place where the feed has not been eaten.

There have been many experiments over the past 70 years—everyone has tried to raise our peoples up to the proper level. They have opened boarding schools and gathered the children there and taught them. Then a campaign for creating villages was started. As a result it turned out that the male part of the population were basically nomadic and the female part remained with the children in the villages. But the republic's biological resources are limited. For example, under the conditions of Yakutia it is hardly possible to maintain more than 400,000 head of reindeer since the pastures will not allow it. It is also impossible to get more than 40,000 fur pelts since this involves feeding—on the whole we catch 7,000 tonnes of fish. It is also impossible to increase the fish stocks with any kind of intensification. As a result of this, the people's wages will not grow regardless of how high you raise procurement prices. And the experience of the coastal North shows that these people cannot survive without state help. They are being saved by state protectionism.

The Sakha people also have about 400,000 head of cattle today. They have 220,000 head of horses. Farming is poorly developed. But, on the other hand, under these severe climatic conditions, beyond the 50th-60th parallel, no people would engage in farming. The Sakha people plow and raise potatoes out in the open. And this too involves protectionism. The average wage in our republic today is about R150,000. And there are 640,000 people working in the national economy. If we were to distribute them among the branches, in the social sphere—public health, culture, education, and state administration—there are 160,000. Their wages are approximately from R100,000 to R165,000. There are 400,000 people in industry. The extraction of diamonds, gold, tin, hard coal, gas, etc. Their wages are 250,000, and in the diamond industry—300,000.

When I say that the average earnings are about 150,000, multiply that by 640,000 workers, and it is about 90 billion a month. And the entire annual budget of the Republic of Tuva, for example, is 75 billion. That is what our scale is like.

But when I fly to Moscow and back I spend on airline tickets—what do you think?—R430,000. Today the price of a tonne of petroleum products has reached an average of 300,000. This is twice as high as world prices. It is thought that gasoline is very expensive in Moscow—R175 per liter. That is half as much as it is in our region.

We have established fixed prices for only three kinds of products: bread (R80), dairy products, and children's food—this we are doing ourselves.

With such a high cost of living we are trying to render a great deal of personal assistance. Last year individual assistance was given to 160,000 underprivileged people, including mainly mothers and children. Right down to the point where we give them a cow free of charge. We have established the status of large families—with four children. This status provides very many benefits. For the first time in Russia we have instituted a Mother's Day—the third Sunday of October.

Ye. Krivitskiy, deputy editor in chief. What is your ratio between the birth rate and death?

M. Nikolayev. In terms of our birth rate we are among the top 10 in the Russian Federation. We have more people being born than dying. But we say that we are not producing enough offspring. We are in a demographic pit. It is a fairly interesting situation: Yakutia was far from the front but it suffered more than the rest. Ukraine and Belarus restored their population numbers within two decades after the end of the war. But we cannot restore them at all. We, the Sakha people, have only 3,200 18-year-old children. We keep track of each of them.

We have many domestic problems. We used to be embarrassed to speak about them, but today we are delving deeply into our problems, beginning with the demographic ones and ending with the condition of the health of the people. We have suffered very badly in ecological terms. We have had 13 explosions, as they say, for peaceful purposes. They were related to the extraction of diamonds, gas, and petroleum. Two of them were fairly sloppily done. There were great discharges. We are experiencing very strongly the impact of the Novaya Zemlya testing ground.

I am not even talking about the barbaric extraction of oil and coal. We have 3,000 hectares of abandoned land. The Vilyuy River has been practically driven out of existence. The Vilyuy is a gold mining and gas basin. At one time when they were building the Vilyuyskaya GES [hydroelectric power plant] tens of millions of tonnes of timber were flooded. It all rotted. And the water in the Vilyuy is practically undrinkable.

Therefore during the past three years we have been doing a great deal to put things back in order somehow. It is unheard of—we have made a decision to close down one factory for processing diamonds. Ecological questions related to the extraction of gold and coal are very crucial now.

Yu. Solomonov, deputy editor in chief. Does this mean that the well-known slogan about the assimilation of the Arctic is somehow already being adjusted at the regional level? How do you yourself assess the former appeals for the assimilation of the North? And what about now? Are they all the same interrelations with the center regarding

the same ecology, culture, and preservation of tradition? Or did sovereignization help to develop certain protective mechanisms which make it possible to take a new approach to the very concept of the assimilation of the Arctic as well?

M. Nikolayev. The problems of the Arctic and its assimilation are very important to us. Here we must assimilate new approaches. I have been saying tirelessly that Russia is a Northern power. Practically two-thirds of Russia's territory is in the North. All of Russia's mineral wealth is in the North. Diamonds, gold, platinum, etc.—100 percent. Gas—practically 100 percent. Oil—70 percent. On the other hand, there is the Arctic. The North requires immense investments, above all financial ones. It is simply painful to see what is being done in the Arctic today. Everything has been neglected. Entire villages are empty. People are leaving on foot or by transportation. The problem of the Arctic must be resolved by efforts of more than Russia. It is necessary to attract the world community as well—America, the Scandinavian countries.

Recently I was in Sweden at the invitation of the World Wildlife Protection Fund. Together with Swedish scholars the Wildlife Protection Fund created for the first time a very large biospheric station for studying Lena Delta, the Novosibirsk Islands, and the Laptev Sea. Now we will organize an expedition. The king of Sweden is the honorable chairman of this fund. We must take a very serious look at the ecology and nature of the Arctic.

One-third of the North in foreign countries is made up of preserves. But here in the Russian North there are only two. The time has come to think about our reserves. Chelyabinsk, Altay, the Western territories—they are all polluted. Where can we look to be rescued?

We must create reserve lands and leave them pure. If LITERATURNAYA GAZETA could help raise this problem, we as the founders of the international organization would help you.

A. Udaltsov. For many years we at LITERATURNAYA GAZETA have been writing that we have more than 100 peoples and nationalities, written languages and literatures. Then began the period when they started telling us: Russification and Sovietization led to the death of cultures....

L. Lavrova, editor of the Department of Literature of the Peoples of Russia. I would like to continue that idea. We are hearing rumors that you have a very interesting policy in the area of culture, the Union of Writers, and support for certain cultural organizations. That is on the one hand. And on the other—we recently learned that the largest and oldest journal which has been published since 1964—POLYARNAYA ZVEZDA in the Russian language—is being closed down. And also CHAYKA—the journal of the peoples of the Republic of Sakha barely drew its first breath, only one issue came out.

Everyone is talking about the brilliants, about the diamonds of Yakutia. But Yakutia has an invaluable diamond—the creativity of the minor nations. There are also remarkable translators, but it is impossible to publish anything in Moscow. In general we do not publish literature in translation from the languages of the republics. Is it possible somehow to solve this problem at the state level?

M. Nikolayev. This is the first time I have heard that the magazine POLYARNAYA ZVEZDA is closing down. We think that in spite of all difficulties, the people's spiritual potential must be preserved. And we are doing this. We understand quite well that without state support today it is practically impossible for any serious publication to be published. I will go and straighten it out. The second thing. We have few creative intelligentsia. We are helping elderly writers and, in spite of all the difficulties, we have created a fund for future generations. It amounts to hundreds of billions that will be in banks and work mainly for the development of the spirituality of those who are entering life.

Now about solving the problem at the state level. I could act as one of the components if a fund were created for publication of works of nationalities, peoples, and nations of the Russian Federation. We must join together. We must move forward together. Especially in financial issues. Let us bring in two or three more components under the aegis of LITERATURNAYA GAZETA. I am ready to make the first contribution, the amount of which will be determined by the constituent assembly.

A. Udaltsov. We are completely—"in favor."

M. Nikolayev. Then the organization of the matter is up to you.

Caucasus Confederation Chief on Dudayev, Chechnya

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in Russian 19 Nov 93 p 3

[Interview with Yusup Soslambekov, chairman of the parliament of the Confederation of Caucasian Peoples, by Natalya Pachegina, time and place not given]

[Text] In his native land of Chechnya 37-year-old Yusup Soslambekov, chairman of the parliament of the Confederation of Caucasian Peoples, headed the republic parliament at exactly the time (April-June of this year) about which he himself says: "I was in Khasbulatov's situation, but I had enough humor to get out of it with dignity." Today, leaving all positions in Grozny behind, Soslambekov intends to devote himself to the idea of forming a Union of Caucasian Peoples.

[Pachegina] Why is it that your name is no longer seen today alongside that of Chechnya President Dudayev?

[Soslambekov] It took time for me to understand what had happened. If we return to events of 2 years ago, I recall that Dudayev was the first Chechen general invited to the First Congress of the Chechen People, where the Declaration of the State Sovereignty of Chechnya was adopted. In the setting of internal disagreements among members of the executive committee of the OKChN [National Congress of the Chechen People—NP] it was owing to my recommendation that Dudayev was elected chairman of the OKChN at that time. Unfortunately we, the OKChN leaders of the time, had neither political experience nor a concrete program. But the aspiration to be free carried us away, so we overthrew the Supreme Soviet of the ChIR [Checheno-Ingush Republic]. All our activity in those days was aimed at giving Dudayev the image of the national hero of the Chechen people. This is why General Dudayev won the presidential election held shortly after the former ChIR Supreme Soviet was disbanded. But it somehow came out that only four or five members of the OKChN, who were the ones who initiated the struggle for the independence of the Chechen people, were included in the Chechen parliament formed by Dudayev. And by one of his first edicts the president formed the KOUNKh [Committee for Operational Management of the Economy], appointing as its head Yaragi Mamedov, to whom in large degree he owed his victory in the election—I have in mind finances. The people who came together in KOUNKh not only had nothing to do with the national liberation struggle of the Chechen people, but were simply not exactly respectable, to put it mildly.

[Pachegina] Do you want to say that Dudayev was a fairly accidental figure?

[Soslambekov] Certainly. He is a very questionable character. Really, right after overthrowing the ChIR Supreme Soviet a second coup was carried out before our eyes that resulted in Dudayev's gaining unlimited power. What was undertaken—with his advance knowledge—was not a democratic movement toward the market in Chechnya, as we, the OKChN, expected, but a dismantling of everything that had been acquired by several generations of people living in this land.

[Pachegina] But weren't you able to influence events in the republic?

[Soslambekov] Within two months after Dudayev's election as president I presented a proposal on Grozny television to form a Cabinet of Ministers ratified by the parliament. But I must honestly recognize that, with the exception of three or four of its members, the parliament was not entirely professional either. Incidentally, to this day the ChR [Chechen Republic] Cabinet of Ministers is only partially formed; some sectors of the republic economy simply do not have leaders. And as the saying goes, the further things went the worse it got. KOUNKh continued its antistate activities and the president protected them against any criticism; those of us who tried to oppose this inconceivable situation were declared

"enemies of Chechen independence." A campaign against me started in the Chechnya information media, claiming that Soslambekov was aiming for the post of president. The second phase of this campaign was that I had turned up among those who, unlike Dudayev, were acting as enemies of Chechnya's independence.

[Pachegina] Yusup, you obviously have complete information about the state of affairs in Chechnya. Do you really find the situation disastrous? From my daily contact—by telephone, of course—with official Grozny an optimistic picture is painted of a "young republic that is experiencing a few difficulties."

[Soslambekov] The situation in the republic is monstrous. Our schools are not operating. The hospitals are not working. There is no state trade. Enterprises are shutting down. All the transportation has been stolen and sold off. Law enforcement organs are demoralized; the only ones left there are—I am not afraid of this phrase—official crooks. The courts, the procurator's office—all of these structures are completely ruined. Demagoguery and arbitrariness have been raised to the rank of state policy today. The one to blame for all of this is Dudayev. I do not know another peaceful state where the president travels to and from work in an armored personnel carrier. But the people are being subjected to violence. That is how it happened that Dudayev and I came out on different sides of the barricade.

[Pachegina] But your name is not among those who call themselves the anti-Dudayev opposition.

[Soslambekov] You see, I do not see among the "implacable" opposition people who are sincerely concerned for the good of the people. In my view the opposition are revanchists trying to come to power at any price, including blood, for the sake of power itself. I am not on their side. During those tragic days for our people when blood was being spilled Dudayev put an armed guard on the television. I was not able to get on the air and state my position to the people without bloodshed. I would, of course, have broken through to the television by force, but I did not resort to that. Knowing my strength, Dudayev tried everything he could through his supporters to discredit me in the mass information media. At this time the opposition, which had little respect in the republic, praised my name. Those who thought like me, knowing full well that given the persecution of our position in the republic mass information media, we were dooming ourselves in advance to misunderstanding and hostility at best, nonetheless undertook to organize this meeting—the Council of National and Civil Concord, and I was elected chairman, although not without difficulty. The faction that we formed introduced a law on referendums in the parliament. And then when the number of votes necessary to call a referendum had been collected, certain movement leaders—Umkhayev, Khadzhiyev, Bugayev, and Gakayev—accused me of trying to preserve the existing order by just slightly "modifying" it. They left the Council of National and Civil Concord and adopted a policy of preparing for a revolutionary overthrow of Dudayev.

[Pachegina] And so Soslambekov did not turn up on any of the "revolutionary" squares of Grozny.

[Soslambekov] Both here and there a dirty fight for power was underway. I, considering myself a fighter for justice and the freedom of the Chechen people, did not see my place among them.

[Pachegina] The decision of the KNK [Confederation of Caucasian Peoples] session to register with the RF Ministry of Justice, which was adopted recently in the absence of KNK president Shanibov and parliamentary chairman Soslambekov, certainly deserves a comment by you.

[Soslambekov] The Confederation is not simply a sociopolitical movement. It is a union of 16 peoples of the North Caucasus. Its role cannot be contained within some organization or movement. You know, with the collapse of the USSR the factor of a restraining force disappeared in the Caucasus. This resulted in interethnic and interterritorial wars. Russia today cannot act as a restraining force, for to some its participation looks like intervention in their internal affairs, while for others it has imperial ambitions. I think that the Confederation of Caucasian Peoples can be such a guarantor of stability in the Caucasus as a whole today. But this requires absolute responsibility not just from the leadership of the KNK, but also from Russia. All the current problems in the Caucasus, including Georgia's internal problems, can not only be solved peacefully—many of them can be prevented from arising. Collective peacemaking forces of the Confederation could, I think, replace that restraining force and act as the guarantor of stability in the region.

As for registration at the RF Ministry of Justice, I personally am against it. Russia, in my opinion, should recognize the KNK as a union of peoples of the North Caucasus. After this, like Palestine for example, we could have our own representatives at the United Nations. One more path to international recognition of the KNK is the Organization of Nations and Peoples Not Represented in the United Nations, which is located in Hague. Russia must determine what is more important to it—the personal ambitions of the politicians or stability in the south of the country.

Yeltsin Aide Claims Maritime Kray Leaders Corrupt

Yeltsin Representative Butov's Accusations

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15 Oct 93 pp 1,3

[Interview with Valeriy Butov by Vladimir Oshchenko: "Valeriy Butov: 'Nazdratenko's Team Has Got To Go Right Away...'" ; date and place not given]

[Text] Valeriy Butov, Representative of the President of Russia in the Maritime Kray, in a special interview for the newspaper VLADIVOSTOK, declared that during the

four months since coming to power, the kray administration headed by Yevgeniy Nazdratenko has committed so many mistakes in political and economic measures, that it should immediately vacate its office in the White House. Valeriy Butov said that the Maritime Kray, having maintained social stability in the most complex crises in Russian history, is now becoming unpredictable. "These four months have literally caused the kray to rear up like a horse," said he.

[Correspondent] Valeriy Pavlovich, the general public used to consider your two years of activity as Presidential Representative not so much in the political as in the informational-analytical realm. You did not appear on the airwaves or in the pages of the press, and did not make any major political pronouncements. What has forced you to renounce this principle?

[Butov] In the course of two years of work in the Maritime Kray I had not had sufficient basis for taking a position sharply opposed to any branch of authority in the kray whatsoever.

One of my functions is to observe the process taking place in the region: to study, to analyze and to gather the necessary materials; and not so much on the political, as much as on the economic and social processes, which then produce a certain policy in the region.

As far as the actions of the previous administration and the present kray soviet are concerned, one can say that on the whole they have managed to maintain stability and the vital activities of the Maritime Kray; there was not a great deal of resistance and there were no political confrontations. There had been criticism of Kuznetsov, that this fellow cannot manage, that he does not take up the reigns of government in his hands. But after all, one had to take into consideration the fact that the wheels of our economy had taken another direction, one connected with the granting of independence, and above all private initiative; privatization of state property was begun and major enterprises were becoming joint stock companies. At the same time the Maritime Kray had been opened to the international community, and quite close contacts had been established with Japan, the USA and our closest neighbor, China.

We must not forget that during these years life changed dynamically. And I can tell you that the previous administration was in step with the spirit of the times: sometimes it kept pace with this dynamic, and sometimes it even surpassed it. The figure of Kuznetsov was a phenomenon of those times, since his appearance in the post of the first chief executive in the kray was to a certain extent more natural than that of his replacement. The formation of his team took place spontaneously, on a wave of the democratic process. Preparations for the retirement of the Kuznetsov Administration followed a well-thought-out plan as well, and was implemented by a group of people striving for only one thing—for power; people with neither moral nor political inhibitions.

[Correspondent] What has changed since Yevgeniy Nazdratenko and his team came to power?

[Butov] Unfortunately, I was forced, in carrying out my official obligations, to respond to the situation which has come to pass today. The policy being conducted today by the Maritime Kray is fundamentally opposed to the course of President Yeltsin, with his edicts and with his principles of reform.

The events which took place in Moscow between 21 September and 4 October simply illuminated this conflict with terrible clarity. And this is not my personal attitude: in the Maritime Kray there are people who hope that the President and the Government of Russia are capable of responding to the violations of legality, and to the policy which could bring serious harm to both Russia and the Maritime Kray.

The activities of Head of Administration Yevgeniy Nazdratenko, unfortunately, are largely being carried out at the bidding of two of his deputies: Igor Lebedinets and Anatoliy Pavlov.

It is now completely obvious that Lebedinets has direct influence on Nazdratenko, that he is interfering with his actions and is conducting a cadre policy that is not in the interests of Nazdratenko, or indeed, in his own or in the interests of any other structure to which Lebedinets belongs.

The circumstance, that the kray leadership belongs to the "PAKT" [Unknown] Association would be of no significance whatever, if "PAKT" were not spoiling so badly for power—and striving to get ahold of not only the political but also the financial and economic levers.

Anatoliy Pavlov, who is both the head of "PAKT" and the chief of the Kommersant Joint Stock Society, immediately began to meddle in the work of the administration, as soon as Nazdratenko was appointed as its head. Pavlov, with his rather unsavory past, as a politician immediately aroused my doubts. And I asked Yevgeniy Ivanovich what prompted him to take on Pavlov in his work. "I need him very badly; Pavlov has experience in finance," Nazdratenko replied. I then asked if it did not bother Nazdratenko that Pavlov was interested in the law enforcement organs. "No, that does not bother me," he replied.

And the sacking of Leonov? His work was essentially being blocked, and I am well-acquainted with the motives and reasons for his departure. After this I was forced to take a firm and unwavering position as a statesman: The policy of the Nazdratenko team is in conflict with the interests of Russia and the Maritime Kray itself.

The blackmail of the government, which was set up under the direct leadership of the administration—the declaration of a Maritime Republic and the strikes at the enterprises, had the goal of receiving additional credit for the kray. But one must, after all, proceed from reality:

the government has practically no additional reserves. Yet the Nazdratenko team says: "The kray will freeze this winter, and the fuel-energy complex needs money." But I would like to say that this is a problem for the entire Far East, and not just for the Maritime Kray. Right up to Siberia, where they have stable power engineering based on hydroelectric power plants. It was not Nazdratenko and his people who discovered the power engineering problem. All the interested specialists—the leaders of Dalenergo [probably, Far East Main Administration for Power Engineering], Primorskuglya [probably Maritime Kray Main Administration for Coal] and other major enterprises of the Maritime Kray—had been, and still are occupied with thorough analysis of the problem. The previous administration had also applied enormous efforts for overcoming the power engineering crisis; it seemed that Kuznetsov's deputy Chernyanskiy was involved in that more than anyone. The President and the government were completely aware of the power engineering problem of the Maritime Kray.

Moreover, calculations by the chiefs of Dalenergo and Basharov himself indicate that by using its very own financial resources, with no need for any strikes or republic hysteria whatever, we could survive until March, and there is no question of a catastrophe at all. Suffice it to say that the Kray administration was opposed to combining the budgets of Russia and the kray before the arrival of Chernomyrdin: in September the kray had R25 billion, with which it could have purchased coal and fuel right then, and prepared the municipal services for winter.

But, employing these very terms, "catastrophe" and "collapse," the Nazdratenko team set about blackmailing the government... Moreover, this is, you see, deceiving the people, and a genuine provocation.

[Correspondent] But after all, was not the declaration of republic status discussed in the kray soviet, and not in the administration?

[Butov] Yes, but the question was raised on the initiative of the administration itself. It is a good thing that sober and thoughtful forces in the kray soviet confined themselves to a resolution to submit the idea of a Maritime Republic to referendum, and that they did not go so far as to give the administration pretext for demanding immediate sovereignty for the republic.

It was simply dangerous to make such a declaration in the tone of the Nazdratenko team, saying that if you do not give us money we will secede...

And when the events of 21 September through 4 October began in Moscow, Nazdratenko expressed precisely his opposition to the Government of Russia, although it was at that time the sole guarantor of stability and order in the country. During this period Nazdratenko did not once speak out in support of Yeltsin. He, not remembering Yeltsin's name, said: "I support the President..."

Which president? The one which the Supreme Soviet appointed? After all, one can understand his statement thus...

I can now state unequivocally that Nazdratenko not only did not follow the policy of the President, he harmed this policy.

The very greatest harm was that faith in the administration was undermined once and for all. And it was approaching zero after the actions of Pavlov and Lebedinets. They falsified information for the government, and they unbalanced the republic budget. Well, are these the action of statesmen? This is simply an irresponsible policy.

[Correspondent] You are not suggesting that Nazdratenko would permit this, taking advantage of the Yeltsin-Chernomyrdin Government?

[Butov] Well, after all, the far-eastern krays and oblasts are facing the very same problems that the Maritime Kray is. Khabarovsk Kray did not, after all, declare its desire to become a sovereign republic, and this action, just as the separation of the Maritime Kray, would lead to loss of Pacific Ocean ports by Russia. But Ishayev in Khabarovsk is a sensible leader, and he would never resort to such adventurism.

In four months in the kray this administration has accomplished what practically amounts to a mini-putsch. And the roots of such a policy are obvious: if Pavlov as chief of the Kommersant Joint Stock Society withheld R2.4 billion rubles in taxes from the Russian budget, then how could this man suddenly change and begin to defend the interests of the country? These people, Pavlov and Lebedinets, can simply not be trusted. These are very dangerous people...

At the present time a commission from the President's Control Administration is working in the Maritime Kray. Although not spoken of openly, this inspection was brought about by that adventuristic policy. Lebedinets reassures people on television that this was a planned visit... But such a general inspection is hardly conducted by accident.

And my reaction is not shooting from the hip, and not an emotional one. It is, unfortunately, the very bitter conclusion after in-depth analysis of the situation. And I take responsibility for the fact that I was unable to perceive this in time.

[Correspondent] But after all, Yeltsin invited Nazdratenko to Japan. Does this not testify to presidential trust in him?

[Butov] Nazdratenko, while he is in Japan, will not be interfering with the inspection of the control administration. This is the basic reason for his trip with Yeltsin.

[Correspondent] Do you believe that Nazdratenko should resign?

[Butov] Yes. Immediately...

Admin Chief Nazdratenko Answers Charge

944F0153B Vladivostok VLADIVOSTOK in Russian
19 Oct 93 pp 1,3

[Article by Vladimir Oshchenko: "Yevgeniy Nazdratenko: 'I Have No Intention of Resigning'"]

[Text] On Friday, the day after his return from an extended absence in Moscow and Tokyo, Maritime Kray Governor Yevgeniy Nazdratenko held a press-conference for journalists, at which over 50 persons were present.

Such a high degree of interest in what Nazdratenko has to say was caused by a political scandal which flared up earlier in the week in the governor's absence, which placed in doubt not only Nazdratenko's own political loyalty to the President's course, but also the obedience to the law of his entire entourage, especially the governor's close deputies—Anatoliy Pavlov and Igor Lebedinets.

We recall that these charges were brought by Kray Soviet Chairman Dmitriy Grigorovich and Presidential Representative for Maritime Kray Valeriy Butov. In addition, during Nazdratenko's absence, a plenipotentiary commission of the Control Administration of the President of Russia, headed by Viktor Silkin, chief of the regional directorate, began to work in the Maritime Kray.

Yevgeniy Nazdratenko stated that he does not see anything surprising for himself in the fact that such a confrontation took place between the branches of power in Maritime Kray. First of all, Nazdratenko believes that the work of the new administration in putting the economy into order has touched on the interests of many, many people, who have enriched themselves by plundering the resources of the kray and its populace. He hinted that, apparently, Presidential Political Representative Butov also represents the interests of these forces. Nazdratenko pointed out, that Butov, "in the four months of my work, has always come to the aid of the commercial structures." In response to journalists' requests to name these organizations in whose interests Butov was allegedly lobbying, Yevgeniy Nazdratenko replied that he simply cannot remember them.

Secondly, said the Maritime Kray governor, giving his analysis of the accusations aimed at him, they could not have appeared in the atmosphere of the beginning of an electoral campaign. "Criticism of the administration is an easy card to play. They play it and make their political career on it," said Yevgeniy Nazdratenko.

He cited as an absolute lie the words of Presidential Political Representative Butov to the effect that the most important reason that Nazdratenko was included in the governmental delegation accompanying Yeltsin during his visit to Japan, was the desire to protect the work of the inspection commission from Moscow from his interference. At the same time Nazdratenko acknowledged that except for himself, not a single governor of the other

far-eastern krays and oblasts, which also have close connections with Japan, went to Tokyo with Yeltsin.

Replying to a question from the VLADIVOSTOK correspondent on the nature of the Russo-Japanese economic agreements signed in Tokyo and the role of the Maritime Kray in them, Yevgeniy Nazdratenko stated that no such regional specification was stipulated in the agreements; on the other hand, it is altogether natural to assume that cooperation between Russia and Japan means above all contacts between the krays of the Far East and the Japanese prefectures. Nazdratenko also stated that he would certainly be attending a meeting of the governors of 15 prefectures which border on the Sea of Japan and five far-eastern krays and oblasts, which will be held in Toyama in early November.

Yevgeniy Nazdratenko, speaking of the motives for the political scandal, stated that it is already becoming systematic, that as soon as he departs on a trip, all sorts of insinuations begin. He brought up the well-known instruction of the kray administration which put a stop to the sale of stocks in state enterprises, after which, Dmitriy Grigorovich, in the governor's absence, heaped criticism upon him. However, Yevgeniy Nazdratenko stated that this practice which has come to pass will in no way tie him to his chair, and he has no qualms about going to Toyama in November, "since there the talk will be on practical matters."

Nazdratenko acknowledged that the press and television play too great a role in fanning the flames of the political fires, and stated that the mass appearance of new newspapers in these autumn months merely says that various political forces with unknown ambitions are striving for power. "It would be better if the money spent on the newspapers were put toward compensation for bread," said Nazdratenko. The governor of the Maritime Kray also stressed that he considers the position of the newspaper VLADIVOSTOK an objective one, for it offers the right to speak to "both Butov and to Pavlov."

But the journalists were very interested in what Yevgeniy Nazdratenko thinks about the accusations against his first deputy Anatoliy Pavlov, in which he is incriminated for withholding R2.4 billion in taxes during his work at the Kommersant concern. "I have confidence in him,"

said Nazdratenko. "And if the inspection nevertheless determines that machinations took place?"—the last question. "Then my comrades would immediately write an announcement of their departure," said the governor. "And in that event would you also submit your resignation?" The governor of the Maritime Kray answered unequivocally, that under no circumstances, owing to any kind of political intrigues, has he any intention of abandoning the cause he has taken up.

Incidentally, it is becoming completely obvious that all this political commotions of local significance will be resolved according to the prescription of the great Russian poet Nikolay Nekrasov: "Here comes the barin [landowner]; the barin will settle it for us." In our view, today Moscow has but one way out: In order to bring any kind of stability at all to the political life of the maritime region, the President will have to remove one of the figures in the confrontation—either Butov, or Nazdratenko. Both are too uncompromising with respect to one another.

Maritime Kray Nine-Month Socioeconomic Figures Reported

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in Russian 26 Oct 93 pp 1-2

[Report by the Maritime Kray Statistics Administration: "A Ray of Hope: The Socioeconomic Situation and Development of Economic Reforms in Maritime Kray for the First Nine Months of 1993"]

[Text] The results of the first three quarters of the year are characterized by a significant reduction in production and investment activity, a crisis situation in reciprocal nonpayments of enterprises, and a high inflation rate. All the same, it is evident that the kray is in fact making the transition to market relations. The outlines of the new economy are being formed: An increasing role is beginning to be played by the nonstate sector, which employs about 300,000 people (a third of the workers in the kray), and over 700 enterprises with foreign investments are registered. The level of prices is taking shape to a significant degree under the influence of supply and demand. People are acquiring the ownership of real property. The supply of commodities has expanded substantially, though at very high prices.

Main Indices Characterizing the Socioeconomic Situation of the Kray

	First nine months of 1993 in actual prices (billions of rubles)	Ratio of the first nine months of 1993 to the first nine months of 1992 (in comparable prices), percent
Industrial production	696.9	83.0
Consumer goods production	405.4	90.0
INCLUDING:		
Food products	323.4	91.2
Nonfood products	57.6	88.1
Alcoholic beverages	24.4	111.4
Capital investments from all sources of financing (actual cost)	179.8	53.8
Housing put into operation from all sources of financing (total area, square meters)	204,200	99.5
LIVESTOCK PRODUCTION OUTPUT:		
Meat (live weight), tonnes	22,400	81
Milk, tonnes	126,400	88
Eggs	257.7million	83
Freight shipment (dispatch) by general-use transportation, tonnes	34.2million	76.4
Exports, in U.S. dollars	293 million	133
Imports, in U.S. dollars	161 million	80
Profit (estimated)	500	18-fold (in current prices)
Retail trade volume, including public kitchens	335.3	98.1
Paid services	50.2	61
Taxes and payments to the budget (according to tax service data)	394	14-fold (in current prices)
Emission	115	11-fold (in current prices)
Average monthly monetary income per worker and clerical worker, in rubles (estimated)	65,000	12.3-fold
Monetary income, monthly average, per capita, in rubles	31,760	13-fold (in current prices)
Consumer price index, without consideration of nonessential items (in percentage of December 1992 level)	x	695.8
Natural increase in population	-5,800	-
Crime, numbers of crimes committed	57,200	109

Finance

Over the January-August period, profits received in the economy of the kray amounted to 363 billion rubles [R]. The average monthly rate of growth of profits over this period was 165 percent, exceeding the rate of price increases.

Price increases significantly devalued the income obtained by enterprises. Some 26 percent of all enterprises failed to operate at a profit over January-August. In industry, 10 percent of enterprises were unprofitable, in construction—15 percent, and in housing and municipal facilities, and provision of domestic services to the populace—over half of all enterprises.

The financial state of enterprises complicates the intensifying crisis brought about by nonpayments, especially as occurred in the third quarter. As of the beginning of September, the delinquent indebtedness of industrial and construction enterprises to suppliers reached the

level of R50 billion, a threefold increase since the beginning of the year. The burden of unpaid debt lies virtually upon every other enterprise. While the ability of one out of four enterprises to make payments is low. Enterprises of the food industry, and the microbiology, flour-grinding, and cereals industries find themselves on the brink of insolvency.

The high rate of inflation and low payments discipline complicate the formation of necessary financial resources at enterprises for production and social development. Profit continues to remain the main source of funds received by enterprises this year—59 percent (in 1992 the figure was 50 percent). Less than three-fourths of available funds are being used to meet production, social, and other needs. The growth of mutual enterprise indebtedness and the unstable financial situation are forcing enterprises to reserve a portion of their ready cash assets for subsequent payments.

Due to the lack of financial resources, opportunities have narrowed for utilizing assets for the development and

sophistication of production. Only 27 percent of all assets put to use was directed towards these ends; 9 percent was directed towards replenishing working capital, 5 percent—towards social development, and 4 percent—towards monetary payments and social benefits to workers.

The greatest share of assets utilized constituted payments to the budget—48 percent (38 percent in 1992).

According to data of the Finance Administration, the kray budget for January-August showed income exceeding expenditures by R25 billion. The greatest share is attributable to taxes on profits—48 percent, value-added tax—21 percent, and income tax from physical persons—19 percent. Significantly less are funds coming into the budget from privatization—3 percent, excise taxes—2 percent, property taxes—1 percent, and state customs duty—0.5 percent.

Short-term loans account for 98 percent of the total volume of credits extended. A significant portion of credits continues to be directed to enterprises engaged mainly in trade-intermediary activity—50 percent (33 percent at the beginning of the year), to industry—13 percent, agriculture—3 percent, trade and procurement—14 percent, and to other sectors—20 percent.

Privatization

As of 1 September, 606 enterprises in the kray had been privatized, including 326 since the beginning of the year. Within the structure of privatized enterprises for 1992 and eight months of this year, 45 percent were enterprises of trade, public kitchens, and enterprises providing domestic services to the populace; 4 percent were enterprises of the building materials industry and light industry; 3 percent were construction enterprises.

Privatization of large-scale enterprises is beginning—federally owned enterprises, as a rule. The percentage of such enterprises of the total number of facilities privatized increased from 2 percent in 1992 to 7 percent in August of this year.

Small-scale privatization is being carried out mainly through sales by commercial bidding, auction, and buy-up of leased property. In 1993, the buy-up of leased property accounted for 12 percent of the total number of privatized enterprises, while commercial bidding accounted for 56 percent, and auction—20 percent.

Sales from investment trading sessions were not extended appreciably, nor were sales of the assets of liquidated enterprises. These accounted for less than 1 percent of the enterprises privatized.

The average value of enterprises sold is rising. The amount of this figure reflects the high level of competition involved in the sale of small enterprises. Significant investments are not required following acquisition of these enterprises.

Total proceeds from the privatization of enterprises (including funds obtained from enterprises privatized in 1992) amounted to more than R10 billion as of and including September. Seventy-three percent of the total amount of proceeds was attributable to retail trade enterprises.

Funds obtained from the sale of municipal enterprises comprised 80 percent of the total proceeds, from the sale of enterprises owned by territories—4 percent, and from federally owned enterprises—16 percent. Of the total proceeds, 65 percent was transferred to the income of territorial budgets, 26 percent—to the federal budget, and 10 percent—to state organs for privatization.

Over the nine-month period, 100,000 apartments in the kray were privatized, with total area comprising 4.7586 million square meters—a five-fold increase over the level for the same period of last year. In all, since the beginning of privatization through 1 October 1993, 143,000 apartments have been sold and transferred free of charge to citizen ownership. This is one-fourth of the total number of apartments subject to privatization.

Liberalization of Prices

The consumer price index characterizing the dynamics of inflation (without consideration of nonessential items) in September constituted 696 percent of the December 1992 level.

The change in prices by quarter of 1993: first quarter—207 percent; second quarter—186 percent; third quarter—174 percent.

In July-September, in spite of the release of prices for gasoline and coal and the increased rates for electric power, the sharp rise in inflation which was expected has not yet taken place: The average monthly growth of consumer prices over the quarter amounted to 20 percent (in the second quarter—23 percent, first quarter—28 percent).

Prices for food products have increased six-fold since the beginning of the year. Meat and sausage products increased more than 10-fold in cost, fish and fish products—from five- to seven-fold, butter, cheeses, dairy products, and confectionery items [sentence as published]. The trend towards increased prices of bread and bakery products is continuing.

The costs of industrial products in September increased by a factor of six, as compared with December of last year. Goods in everyday demand showed the greatest degree of cost increase: medicinal preparations, detergents, socks and hosiery, underwear. Significant cost increases are being noted with respect to children's items—footwear, knitted articles, clothing, and toys.

The high level of prices for expensive durable products had already taken shape in 1992. The rate of price increases for these products is therefore somewhat lower than that

observed with respect to other goods. The cost of coal and firewood for the populace has increased 10-fold.

The trend towards galloping price and rate increases for paid services to the populace is being maintained. Since the beginning of the year, these prices have increased by a factor of 20 on the average, three times greater than the rate of price increases for commodities. Notary service costs jumped by a factor of 741, rents—by a factor of 31. The cost of travel by rail transportation increased 25-fold, by air—22-fold, fees for child care in pre-school institutions—18-fold, and the price of permits for staying at sanatoriums and resort facilities—16-fold. The costs of certain varieties of everyday services increased by a factor of 12-15.

Wholesale prices in industry experienced a five-fold increase over the year. The prices in sectors producing consumer goods rose sharply.

Rates for freight transportation in September increased by a factor of 17, as compared with the December 1992 levels. The greatest increases were observed with respect to maritime shipments—by a factor of 27. Increased prices for gasoline led to a four-fold rise in costs of shipments by motor vehicle since the beginning of the year.

The Social Sphere

The **POPULATION** of the kray as of 1 October was 2,287,000. It continues to decline both by virtue of natural losses and losses due to migration. The number of deaths over the nine-month period exceeded the number of births by 6,000. In spite of the continuing influx of refugees and people forced to resettle (1,401 such persons were registered as of 1 September—566 families), the bottom line with respect to migration to the kray continues to be negative. The number of persons emigrating was 9,000 greater than the number arriving in the kray.

LABOR RESOURCES. More than 1 million workers and clerical workers were employed in all sectors of the kray economy. The percentage of individuals working in the nonproduction sectors increased appreciably as compared with the same period of last year.

The level of official unemployment as of 1 October amounted to 0.4 percent (this figure came to 0.86 percent for Russia overall). The number of citizens registering with the employment service was 9,601. Some 6,309 people hold status as unemployed (two-thirds of whom receive benefits).

Over the nine-month period, 226 unemployed persons underwent occupational training upon direction of the employment service. Job placement was effected for two-thirds of them. Some 324 persons participated in social projects and 767 individuals were processed for early pension.

The populace received **MONETARY INCOME** over the nine-month period in the amount of R658 billion, a 13-fold increase over the level for the same period of last

year. Monetary incomes in September increased over the levels of the previous month and December of last year, but taking growth adjustments into account these were lower than August incomes by 9 percent and higher than December incomes by only 40 percent.

The populace spent 66 percent of its income on the purchase of goods and services, 12 percent—on the payment of taxes and various fees, and 5 percent went into savings account deposits.

People acquired 1992 bonds in the amount of R86 billion, Russian Federation certificates—R3 billion. Deposits in savings bank institutions increased by R24 billion.

Over R112 billion was not returned to funds of the Central Bank, this amount being accumulated and saved by the population. As a result, the bank was compelled to replenish monetary circulation channels through emission amounting to R115 billion as of 1 October.

Wages received by workers have increased monthly by 24 percent since the beginning of the year, amounting in September to R130,000 (a 6.8-fold increase as compared with December of last year, while consumer prices, considering essential products only, rose almost seven-fold). The level of real income barely exceeded R18,000—this is 6 percent less than the level of December 1992. Our kray consistently occupies last place in the Far Eastern Region with respect to levels of average monthly income.

As before, the highest average monthly incomes are received by employees in the credit sector, the Main Administration for State Insurance, and pension provision (over R400,000). Workers in material-technical supply, transportation, and construction have incomes which are significantly higher than the average level throughout the kray.

Also as before, the lowest paid workers are those employed in culture, science, public education, public health, and agriculture.

According to survey-compiled data, as of 1 October more than a third of the kray population was receiving a level of income per family member lower than the minimum subsistence level (R40,000).

As before, the populace is consuming meat and meat products, fruits and berries, fish and fish products, vegetables, and melons at half the norm levels. Consumption of fish and fish products continues its steady decline. This is the only basic food product under observation whose consumption is even lower than the level of December of last year. The sharp price increase with respect to fish products (almost double) in just the past month alone makes these food products inaccessible to the majority of families.

THE CONSUMER MARKET OF GOODS AND SERVICES Over the first nine months of the year, consumer goods valued at R405.4 billion were put on the market—

this is 10 percent less, in comparable prices, than the level for the same period of last year. A lag continues to be maintained for all product groups, with the exception of alcoholic beverages.

The greatest decline is noted in light industry, where the output of goods was reduced by more than 30 percent. The main reason for this is the sharp drop in effective demand by the population. Output of knitted wear was reduced by 56 percent, knitted underwear and linen articles—by 67 percent, garments—by 21 percent, and leather shoes—by 9 percent.

An adverse situation is taking shape with respect to production of items in everyday demand. The production of toilet soap and laundry soap fell by 24-25 percent, of synthetic detergents—by 17 percent, and of other household chemical products—by 15 percent.

Production decline is also being observed in the sphere of cultural, domestic, and household items. The output of major household appliances lags behind last year's levels—production of radios was reduced to less than half, output of washing machines decreased by 24 percent.

The situation remains adverse with respect to foodstuffs output.

Data on the Output of Most Important Food Products

	January-September 1993	First nine months of 1993 as percentage of first nine months of 1992
Meat (industrial output), tonnes	16,019	97
Sausage products, tonnes	12,665	95
Whole milk output, tonnes	49,211	71
Butter, tonnes	1,930	106
Margarine production, tonnes	9,513	77
Vegetable oil, tonnes	8,721	92.5
Granulated sugar, tonnes	124,469	110
Macaroni products, tonnes	9,639	70
Flour, tonnes	131,736	95
Cereals, tonnes	26,460	79
Bread and bakery products, tonnes	129,606	71
Canned fruits and vegetables, standard cans	7,205,000	59
Nonalcoholic beverages, decaliters	786,000	76
Alcoholic beverages, decaliters	1,676,000	118

Enterprises of the fish production industry increased their output of commercial edible fish products over January-September, including a 14 percent increase in frozen fish and an almost four-fold increase in frozen fillets. At the same time, the output of canned fish decreased by 66 percent over this period, and production of salted herring and smoked fish—by more than half.

In TRADE, substantive changes have taken place in the organizational and management structure since the beginning of the year. Some 68 percent of commodity turnover was attributable to state enterprises (75 percent in 1992), 15 percent—to consumer cooperatives, and 16 percent—to private enterprises. Retail trade volume increased in the official sense, but in comparable prices decreased by 2 percent.

Trade is characterized by an instability in commodity supply and sales volumes. Sales volumes of meat, butter, sugar, eggs, and fish decreased from the levels of the same period last year. A shortage of these products is noted in the stores of more than half the rayons of the kray. At the same time, greater amounts than last year of canned meats, canned fish, and vegetable oil were sold.

No improvement is seen in the situation with respect to provision of potatoes and vegetables to the populace. Since the beginning of the year, the volume of potatoes put on the market comprised only 69 percent of the volume for January-September of last year; the volume of fresh vegetables—83 percent. Per capita sale of potatoes amounted to 11 kilograms, vegetables—9 kilograms, fruits—3 kilograms. This comprises only one-tenth of the amount necessary for reasonable nourishment.

The situation with respect to laying in potatoes for winter storage remains adverse. Potato and vegetable storage facilities stand empty at the enterprises Obshchepit-2, Granit, Pacific Ocean Trading Company (Vladivostok), Rostok (in Arsenyev), and the Lumber Mill Vegetable Center.

Sales of nonfood products dropped 13 percent as compared with the same period of last year. More refrigerators and radios were sold than last year. Sales of television sets remain at last year's levels. Sales of cotton fabric, wool fabric, and footwear were reduced.

The volume of product turnover at public kitchens was lower than for the same period of last year (in comparable prices).

PAID SERVICES rendered to the population amounted to R50.2 billion more—a 12.5-fold increase, in current prices—than the value of services provided during the same period of last year, while the physical volume of services rendered decreased by 39 percent.

Housing and Sociocultural Construction

Since the beginning of the year, 204,200 square meters of housing (3,292 new apartments with all the modern conveniences) were built in the kray—99.5 percent of the level for January-September of last year. State enterprises and organizations put 60.8 percent of the total housing volume into operation, joint-stock companies and business partnerships—28.7 percent, and the populace, out of its own assets and with assistance from state credits—7.8 percent. Cooperatives, private enterprises, social organizations, consumer cooperatives, and housing construction cooperatives did not commission any housing. It is expected that by the end of this year, the amount of housing put into operation will not exceed 500,000 square meters. This is the level of 1961. One school and one kindergarten were opened in Arsenyev, providing 1,266 spaces.

By winter, major repairs were effected with respect to a total of 674,100 square meters of housing area in the kray. The cost of repairing one square meter increased nine-fold over last year's cost.

Public Health

The epidemic situation in the kray grew more adverse this year. Outbursts of a number of infectious diseases were registered. Some 476 cases of diphtheria were diagnosed over January-September 1993, 16 times greater than for the same period last year. There were 1,677 cases of measles recorded (24-fold increase), 3,319 cases of viral hepatitis (1.6-fold increase), and 394 cases of whooping cough (four-fold increase).

There were 3,104 diagnosed cases of bacterial dysentery, 1,438 of syphilis, 3,862 of gonorrhea, and 6,157 cases of pediculosis.

At the same time, this year's indices with respect to registered cases of influenza were significantly lower than last year's—21,700 cases, as opposed to 71,000 in 1992.

Transgressions of the Law

Over the nine-month period the number of crimes committed increased by 9 percent as compared with the same period of 1992. Some 57,200 crimes were committed, of which one out of five was a grave crime.

Prevalence of crime in the kray is reflected by the statistic reached this year of 2,489 crimes per 100,000 inhabitants, as opposed to 2,273 for the same period of 1992. Increased crime is noted in many rayons of the kray. These include Yakovlevskiy, Chuguyevskiy, Pogranichnyy, Olginskiy, Kavalerovskiy, and Lazovskiy Rayons. Crimes against individuals increased by 37

percent, amounting to 3,800, of which 602 were cases of premeditated murder, 1,334—infliction of grave bodily injury, and 220—rape.

As before, the most widespread incidents of crime continue to be those committed with respect to the private and personal property of citizens. Over the nine months, 30,600 such crimes were committed, or more than half the total number of registered crimes. Since the beginning of the year, 24,500 incidents of theft of personal property were committed, almost half of which constituted apartment theft.

Crimes involving state and public property decreased somewhat (by 4 percent).

Since the beginning of the year, criminal charges have been filed against 15,300 persons. The proportion of crimes solved came to 42 percent (as opposed to 38 percent for the same period of last year).

Material Resources

As before, the state of affairs regarding provision of material-technical resources to the kray remains strained, especially with respect to fuel and energy resources.

As the cold season begins, only 1.4 million tonnes of coal are stored up by the largest fuel consumers—just over half the amount in store as of the same date last year.

The shortage of fuel supplies is being felt by enterprises of the energy complex, housing and municipal facilities, industry, and the agro-industrial complex. The situation with respect to providing coal to residents of the private sector and organizations in the sociocultural sphere remains adverse.

As of 1 October, six exchanges are operating in the kray: Dalbirzha, the Far Eastern Fish Exchange, the Vladivostok Universal Exchange, Poisk Exchange, International Stock Exchange, and Interbank Foreign Currency Exchange. Over the nine-month period, 426 trading sessions have been conducted at the exchanges and 1,280 transactions concluded. Total exchange turnover exceeds R178 billion in value. Some 98 percent of the transactions concluded by exchanges were for monetary resources, 1 percent—for securities, and 1 percent—for consumer goods.

Industry

Over the first nine months of 1993, state and private enterprises, joint-stock companies, and partnerships produced output valued at R696.9 billion, in current prices.

Although formation and consolidation of the foundations of a market economy continued to take place, the process of establishment of the nonstate sector is proceeding with difficulty. State ownership remains the predominant form of ownership, accounting for 88.4 percent of the industrial output produced over January-September. Some 10.1 percent of the total volume of production in the kray was produced by the private sector and enterprises with mixed form of ownership. These are mainly former state enterprises transformed into joint-stock companies or purchased from the state and converted to collective enterprises.

Physical volume of production dropped 17 percent from the level of the same period last year, including a 22.2 percent drop in September.

The production decline continued in all sectors of industry. It exerted its greatest effect on enterprises of the chemical and petrochemical industry, the building materials industry, light industry, flour-grinding, cereals, and mixed fodders industry, and the machine-building and metalworking sectors.

Because of differences in price dynamics among sectors, the share contributed by machine building in the current-price assessment was sharply reduced. Its contribution to the kray volume of production is decreasing under the influence of conversion. Over the nine months of this year, military production output decreased by 12 percent as compared with the same period of last year, civilian production—by 18 percent.

Enterprises continue to experience stoppages for reasons beyond their control. Over the nine months of this year, such stoppages amounted to 215,300 man-days. Every month, certain production efforts at 10 enterprises, on the average, stand idle because of a lack of materials, raw materials, fuel, electric power, component parts, and the inability of customers to effect payment. Losses of work time increased significantly in the third quarter, related to the sharply restricted supply of electric power to enterprises.

Since the beginning of the year, 339 people were discharged by enterprises standing idle; 9,469 people were directed to take leave without pay. Production output was effected in an amount equivalent to 60 days of operation of all industry in the kray.

Among the enterprises standing idle are the production association Bor, joint-stock company Dalsoya, Partizanskiy Chemicals and Pharmaceuticals Plant, and the bread and bakery products combines.

An intensification was seen in the outflow of workers in industry, related to the processes of conversion and the crisis situation overall in the sector. Numbers of industrial production personnel decreased by 8.3 percent, or 20,300 people, from the levels of January-September of last year. Labor productivity fell by almost 10 percent.

In the timber and woodworking industry, the continuing decline in production of basic varieties of lumber products is related primarily to deficiencies in the development of the base subsector—the logging industry. Production of commercial timber dropped by more than 15 percent from the levels of January-September of last year. Due to shortages of raw timber, the output of sawn lumber products decreased by 42.7 percent as compared with last year's levels, plywood—by 12.4 percent, wood-fiber and wood-chip paneling—by 57.6 and 34.1 percent, respectively.

In the building industry, decreased output volumes of the main production varieties continue to be quite

perceptible: for cement—a reduction of 59 percent, slate—75 percent, precast reinforced concrete components—30 percent, wall-construction materials—26 percent.

In the chemical industry, unsteady operation continues to be observed at the largest enterprise of the sector—the production association Bor, this related to the inability of its customers to effect payments. For this reason the association was forced to curtail production of sulfuric and boric acid by more than 70 percent.

Capital Construction

No noticeable increase in investment activity was observed over the January-September period. The volume of investments decreased by 46 percent as compared with the same period of last year. Investment amounts one-third less than last year's amounts were used for the construction of production facilities.

Expenditures of state enterprises and organizations comprised R75.9 billion of the total volume of capital investments; R35.8 billion of this constituted their own funds. Leased enterprises spent R2 billion (1.1), joint-stock companies—R89.4 billion (49.7), kolkhozes—R1.7 billion (0.9), and individual builders—R1.8 billion (1.0 percent).

Enterprises and organizations of all forms of ownership assimilated R45.3 billion of centralized investments over the January-September period, including R30.1 billion from the republic budget and R15.2 billion from the local budget.

In the structure of capital investments, priority continues to be given to electric power (7.7 percent of the total volume of investments) and to the coal industry (6.1 percent). At the same time, the volume of capital investments in electric power decreased by 35.4 percent from the level of the same period last year, and in the coal industry—by 78.1 percent. Reduced volumes of capital investments were seen in all sectors with the exception of the food industry, where there was an increase of 14.4 percent. An increase of capital investments in the conversion of defense industries was observed, but the amount of increase was small—just R752.5 million in current prices.

In the sectors of the agro-industrial complex, R30.4 billion in capital investments was assimilated from all sources of financing. This is 60 percent less than the amount for the first nine months of last year. Livestock facilities for holding 320 head of cattle and 200 pigs were constructed.

Over the first nine months of this year, enterprises and organizations of all forms of ownership placed fixed assets in operation amounting to R73 billion, including R63.3 billion for production facilities (86.7 percent of the total).

Implementation of the 1993 federal program of commissioning new facilities is not proceeding satisfactorily. Of 11 facilities financed out of budget funds, not one was put into operation over the nine-month period, and no construction at all was accomplished at three of them. The volume of capital investments used for all new projects over January-September came to R5.5 billion.

Five facilities in the federal program of commissioning new facilities are planned to be put into operation this year, financed out of investment credit resources. The volume of capital investments assimilated with respect to these projects was R1.1 billion.

Construction organizations of all forms of ownership accomplished projects through their own efforts amounting to R101.6 billion, about 70 percent of the amount for the same period of last year. This includes R21.9 billion—by state construction organizations, R0.7 billion—by municipal organizations, R59.9 billion—by organizations with mixed form of ownership, and R19.1 billion—by private organizations. The share of projects completed by state organizations decreased from 51.0 to 22.4 percent, as compared with the January-September period of last year.

It should be noted that in the closed variety of joint-stock company, and in partnerships and other private organizations, output per worker was 50 percent greater than that observed at state organizations; income per worker was 9 percent greater.

Agriculture

The process of re-registration of sovkhozes and kolkhozes in the kray is continuing. As of 1 October of this year, 12 kolkhozes and 186 sovkhozes were re-registered—85 percent of the farms in the kray. The collectives of eight kolkhozes and 31 sovkhozes retained their status. The main organizational-legal form of reorganized farms: partnerships of various types. Some 152 limited-liability partnerships and joint-stock companies were created; 12 agricultural cooperatives, one truck farm, and 10 other types of farms were formed.

Today there are 5,116 peasant farms, comprising an area of 76,500 hectares. Some 506 farms have terminated their activity, 330 of these doing so this year.

The harvesting of agricultural crops is nearing completion. Agricultural commodity producers delivered 20,200 tonnes of grain to state resources—17,300 tonnes fewer than for the same period of last year (practically half the amount!). The amount of grain purchased was about 7 percent of the amount threshed.

While grain was available and planned volumes were stockpiled, farms of Dalnerechenskiy, Kirovskiy, Krasnoarmeyskiy, and Pozharskiy Rayons did not engage in selling it. Farms of Oktyabrskiy Rayon sold the state one-fifth of their grain harvest; farms of Mikhaylovskiy, Spasskiy, and Khorolskiy Rayons—one-tenth. A number

of rayons are delaying sales of grain to the state in the expectation of higher purchase prices.

Potatoes were harvested from 3,600 hectares of land (half the area planted), yielding 31,500 tonnes of the crop, with productivity of 87 quintals per hectare (the 1992 yield was 33,800 tonnes, with productivity of 79 quintals per hectare). A potato yield of more than 100 quintals per hectare was obtained at farms in the city of Artem, and in Oktyabrskiy, Pozharskiy, and Ussuriyskiy Rayons. Less than half the potato fields were harvested in Anuchinskiy, Dalnerechenskiy, Kavalеровskiy, Krasnoarmeyskiy, Lazovskiy, Mikhaylovskiy, Oktyabrskiy, Pogranichnyy, Khankayskiy, Khasanskiy, Chernigovskiy, and Yakovlevskiy Rayons. Vegetables were harvested from 38 percent of the area under seed—9,300 tonnes, an amount 4,200 tonnes less than last year.

Farms are now involved in work for the 1994 crop. Winter crops have been sown over 13,800 hectares, grain accounting for 9,000 hectares of this area. The area under seed is 2,200 hectares smaller (14 percent less) than last year.

By the beginning of October, 19 percent of the tractors were in a state of disrepair, as were 36 percent of the tractor-seeders, and 28 percent of tractor-plows. A great quantity of equipment in disrepair was noted in Anuchinskiy, Spasskiy, Ussuriyskiy, Khankayskiy, Chuguyevskiy, Mikhaylovskiy, Kirovskiy, Khorolskiy, Dalnerechenskiy, Lesozavodskiy, and Chernigovskiy Rayons.

Lesser amounts of diesel fuel than last year are available, especially in Anuchinskiy, Spasskiy, Khorolskiy, Krasnoarmeyskiy, and Nadezhdinskiy Rayons.

Fodders are being laid in store for public livestock breeding. On the whole, 16 percent less hay than last year was in the inventory, 11 percent less haylage, and 22 percent less prepared silage. Some 11.5 quintals of feed units per standard head of cattle were laid in store this year, as opposed to 12.8 quintals in 1992. The lowest rates of stockpiling fodder were noted in Anuchinskiy, Dalnerechenskiy, Dalnegorskiy, Kavalеровskiy, Oktyabrskiy, Partizanskiy, Pozharskiy, and Terneyskiy Rayons, where fewer than 10 feed unit quintals per standard head of cattle were stocked.

Over the first nine months of the year, 22,400 tonnes of meat from livestock and poultry were produced at kolkhozes, sovkhozes, and new farm enterprises, as well as 126,400 tonnes of milk and 257.7 million eggs. A lesser amount of meat—5,300 tonnes less—than for the same period last year was produced at 139 farms, 16,900 tonnes less milk at 125 farms, and 53.7 million eggs at 10 farms. The productivity of cows was lower at 88 farms, and of laying hens—at nine. The indices pertaining to cattle reproduction have worsened. Calf births decreased at 93 farms, piglets—at 87. Affliction with livestock plague increased with respect to cattle at 82 farms, pigs—at 73.

Purchases of livestock production output by contractual obligation amounted to 30-47 percent less than last year's levels.

Purchase prices of livestock production output are increasing every month.

The price of one kilogram of livestock or poultry increased 2.1-fold over the level of January of this year, of milk—1.8-fold, and of eggs—by 19 percent.

The percentage of total output sales attributable to farms of the populace and peasant farms: 8.5 percent with respect to livestock and poultry, 1.9 percent for milk, and 0.2 percent for eggs.

Transportation and Communications

Under conditions of reduced demand for shipment of freight by general-use transportation, 34.2 million tonnes were shipped, almost one-quarter less than for the first nine months of last year. Shipments by rail transportation decreased by 22 percent, maritime transport—by 10 percent, motor vehicle transport—by half, and air—by one-third.

Some 3.6 million tonnes of freight were shipped to regions of the Far North and equivalent localities by maritime transportation. This is 21 percent less than for the same period of last year.

By the end of September, nine enterprises of general-use motor vehicle transportation were privatized. These enterprises shipped 7.6 million tonnes of freight—one-fourth of the total freight shipment volume. Also privatized were all the seaports and the steamship lines, whose fleet transported one-third of all the freight dispatched.

The shipment by rail transportation of such extremely important economic cargo as cement, timber, building materials, and coal was diminished. Cement shipments were halved.

Passenger turnover on general-use transportation facilities increased 7 percent over last year's levels, while decreasing by a third on air transportation, and increasing by 13 percent on railroad transport.

The increased conveyance of passengers and organizational procedures for selling tickets are not managing to keep up with the growing demand exhibited by the population. Selective sampling conducted in July and September in the kray center shows that citizens surveyed were required to spend up to eight hours waiting in line for train tickets, and half of the travelers were unable to obtain air-travel tickets. Increased rates for air travel have led to a situation where serviceable aircraft of local airlines are standing idle.

Timeliness and quality are not guaranteed in the servicing of passengers. During the January-September period, one out of every three domestic airline flights and one out of every nine local flights was off schedule.

In September, more than 16,000 bus trips, about 3,000 streetcar trips, and over 4,000 trolley bus trips in the kray center were not completed.

Over the January-September period, 3,049 road transportation accidents occurred, in which 538 people died and 3,543 were injured.

Communications continued to undergo development. Over the course of the reporting period, 156 additional intercity telephone links were set up, reducing the amount of time one must wait to use the phone. Laying of the Dalnegorsk-Terney cable communications line, 154 kilometers in length, is nearing completion. Work has been completed on automating the intercity telephone communications of the rayon centers Chernigovka, Olga, Shkotovo-17, and Terney.

Construction of the first phase of ATS-32 [Automated Telephone Exchange] is completed. Construction of ATS-42 and ATS-38 in Vladivostok is continuing, as well as construction of the ATS at the rayon center Novopokrovka.

Over the nine-month period, the number of telephones on the general-use network increased significantly. The populace now has 5,823 telephones, of which 1,106 belong to rural inhabitants.

Services totaling about R16 billion were provided by general-use communications enterprises. At the same time, the physical volume of services rendered decreased appreciably due to increased rates. As compared with the first nine months of 1992, the number of letters and printed matter sent decreased by a third, packages—by 41 percent, and telegrams—by 29 percent.

Foreign Economic Ties

Since the beginning of the year, enterprises of the kray have shipped export production valued at \$293 million. Goods valued at \$161 million were imported. A decrease in imports is being observed as compared with the same period of last year (80 percent of the level of the first nine months of last year). China occupies first place in the foreign trade scheme of the kray (37 percent of the foreign trade volume). Japan accounts for 34 percent.

Products exported (by direct ties or through foreign trade organizations) include 113,000 tonnes of fish products, 500,000 cubic meters of lumber materials, and 30,000 tonnes of fertilizers.

Directly imported into the kray were articles of clothing, footwear, instruments, television and radio equipment. Kray enterprises received 129,000 tonnes of raw sugar, 7,000 tonnes of meat and canned meat, and 17,000 tonnes of butter through foreign trade associations.

Half of the export shipments and one-fourth of the imported freight passing through customs authorities of the kray are in transit.

About 40 percent of the foreign trade turnover is attributable to barter exchange. Virtually all transaction settlements with China are effected on a barter basis.

As before, the number of joint enterprises continues to increase. In 1993 alone, about 400 such enterprises were registered with the organs of executive authority. The majority of enterprises are not established for production output, but rather for various kinds of commercial activity.

By the beginning of September, \$485 million entered the foreign currency accounts of enterprises and organizations. Some \$480 million in foreign currency was spent. The remainder (including what was left as of the beginning of the year) amounts to \$87 million.

The kray received 4,600 tonnes of various foodstuffs as humanitarian aid from Japan, the United States, and India.

New Diamond Deposit Discovered in Maritime Kray

944F0112A Moscow KOMMERSANT-DAILY
in Russian 3 Nov 93 p 9

[Article by Dmitriy Latypov and Yana Mirontseva: "Businessmen Will Be Able To Participate in Hunt for Treasure"]

[Text] A geophysical expedition from the Russian Federation Committee for Geology and the Use of Mineral Resources has found signs of diamond deposits in Maritime Kray. Yesterday the expedition's working papers were submitted to the Committee. Experts believe that the report will talk about opening up a new diamond province in Russia.

The geophysical expedition conducted explorations of anomalous formations found earlier in the northern part of Maritime Kray, when it was believed that these formations were connected with deposits of polymetallic ores. What was discovered, however, were two kimberlite pipes, one of which was hollow. The other one had 16 chips of diamond crystals, ranging from 0.2 to 0.7 mm (from which it can be concluded that the size of the full crystal was about 1 to 2 mm). The diamonds were classified as Class 1-4 according to the Gokhran classification (Class 1-2 are jewelers' grade diamonds, Class 3—near-jewelry grade, and Class 4—good industrial diamonds). The depth of the deposit is 10-30 meters and its radius is up to 500 kilometers. Yuriy Korolev, director of the expedition, stated that an intensive selection process of new samples is being conducted now in the diamond zone.

According to Anatoliy Matyunin, the expedition's chief geologist, the presence of diamonds in the test samplings confirms data going back to the 1930's about the existence of a second diamond province in Russia's Maritime Kray (the first area was Yakutiya). Experts from the Committee for Geology and the Use of Mineral

Resources, who received the expedition's findings yesterday, noted the potential of the newly-found deposit.

Mr. Matyunin noted the high cost of the planned geological mining explorations and suggested that the budget will not have the resources needed for this work. The only solution that the chief geologist sees is to attract financing for this work from commercial firms, and to give first priority to businessmen from Maritime Kray.

Cossack Community's Relations to State Viewed

944F0112B Moscow NEZAVISIMAYA GAZETA
in Russian 5 Nov 93 p 3

[Article by Andrey Serba: "Relationships Between Cossacks and the State Are Still Not Clear." The article is under the rubric "The Cossacks."]

[Text] By autumn of 1993, cossacks had not been able to get more than they had four-five years ago at the dawn of the cossack movement, that is, the basic principles of existence: Self-rule, specific forms of land use, and a special position within the army's organizational structure. Actually, the problem of reestablishing the role of cossacks in the army cannot be counted, because the former Supreme Soviet vetoed the President's decree of March 15, 1993, providing for the establishment of cossack units in the Russian Army. However, other presidential decrees and resolutions of the former Supreme Soviet, regulating procedures for cossack self-rule and land use still exist and could work if properly implemented, but most of the atamans—not speaking of the rank-and-file cossacks—have only a vague understanding of their contents. Two issues, very important for cossacks, are at stake: First, do the cossacks have a good enough internal organization and intellectual potential to be able to resolve their own problems? How do cossacks intend to exist? As an independent public organization or as a component of the state organism that makes use of state financial and legal support? In the case of the last option, would cossacks be prepared to make an agreement with the state on a number of basic issues with regard to their way of life and their activities?

The answer to the first question is not very comforting. Cossacks today are capable only of posing questions, but not deciding on them. This is explained by a split within the cossacks into formations and organizational units that—right up to now—were making demands to diametrically opposed forces, i.e., to the president's executive offices and to the former Supreme Soviet. Even during the first year of existence of the Cossack Union, a mass outflow of the intelligentsia occurred from the ranks of the cossacks. This happened after a television appearance by one of the leaders of the Cossack Union, who declared to everyone within earshot that the Cossack Union and the Russian Communist Party had identical goals.

The result was that the ones who left the Cossack Union believed that cossacks and their executioners cannot possibly have the same goals. In addition, a significant

number of straight-thinking cossack communists also left. Knowing full well about the "laundering" of party funds, investing funds in every possible kind of commercial venture, and organizing allegedly "independent" public movements with different views—all at the CPSU's expense—the cossacks who left their organizations understood that this kind of demonstrative statement about identical goals of the Cossack Union and the Russian Communist Party was evidence of the fact that the communists were not concealing their ties with the Cossack Union. Moreover, the Communist Party was "using" the Cossack Union without depending on it strongly, viewing the Union as a temporary ally only and as the source of a split in the unified cossack movement.

When the Union of Russian Cossack Forces was organized a year later, it turned out that a significant number of the most talented cossack intellectuals had already tied their future to entrepreneurship or banking and could not give their full time to participate in the cossack movement. This is why the intellectual level of today's atamans in the majority of cossack organizations is lacking. They are only capable of yelling from the rostrum "Down with ..." ("democrats" or "commies") or "Give us ..." (ataman rule, cossack land communes, or state financial support).

Up until recently, cossacks had no state support whatsoever. This can be easily explained. First of all, due to the opposing positions of the president's organizations and the former Supreme Soviet, none of the branches of government were certain that even if the cossacks were to receive a "financial boost" from the state, the cossack leaders who would come out on top would support the people who gave it money. Second, the strong and organized cossacks who preached the principle of military independence would become superfluous in the southern part of Russia when the desirable land is divided up (this is where the world's best black soil is, where the Black Sea tourist and vacation industry is developed, and where Russian gateways on the sea in Tuapse and Novorossiysk function well). The disappearance of the Supreme Soviet may serve to unite the most hardworking of the cossacks who were forced before to maneuver between two branches of government in their activities, thereby harming each other. Changes in land laws and the reorganization of representative organs from the bottom up will make it easier to organize an ataman form of government and viable cossack land communes. Hope has also been bolstered by a ruling that the President's decree was constitutional with regard to approving the organization of cossack formations and units in the armed forces and subunits of the MVD.

If, however, the cossacks do not receive any tangible assistance from the state, this process may drag out for many years. But the question arises as to why the state should take upon itself the burden of reviving the cossack movement.

One segment of the cossacks considers itself an independent nationality, in answer to which these cossacks were

told that if that is so, they are one of many nationalities within the Russian Federation and should develop as a nationality without claiming exceptional treatment. Another group is convinced that cossacks should be revived as a military class (initially, possibly as an ethnic group or a group in a distinct cultural community), and therefore, a special relationship should exist between the cossacks and the state. Accordingly, cossacks would have specific obligations different from other strata of the population and the state would be obligated to establish the necessary legal and economic machinery for them.

If the cossacks are counting on state support, however, it would be essential to clarify their relationship with the state as soon as possible, cut out the buffoonery and the rubbish, and begin working on establishing their own organs of authority. This would be just the beginning of their work, because the future holds many new and complex problems that have to be resolved, possibly—if necessary—including a shift to cossack autonomy.

All this has to begin with the building of a mutually acceptable and legally regulated relationship with the state.

Sakhalin Oblast Election Campaign Previewed

944F0112C Yuzhno-Sakhalinsk SVOBODNYY
SAKHALIN in Russian 23 Oct 93 p 13

[Article by Oleg Demakov: "The Election Campaign on Sakhalin"]

[Text] Less than two months remain before the elections of representative bodies at all levels. The pre-election marathon includes various political and public movements from our oblast, and all these movements are presenting their proteges to the voters for their judgment.

According to Viktor Averin, president of the Federation of Associations and Companies of Sakhalin, the members of the Federation discussed the charter of the Russian Industrial Party, now being established, and judging from everything, the Federation plans to join the new party. In any case, those attending the meeting nominated delegates for the first constituent congress to be held in Moscow in November (let us note that the idea for establishing this new party has already been supported in forty regions in Russia).

Since those who attended the meeting are not yet members of the new party, but already expressed a desire to participate in the election campaign, after the meeting they nominated their own candidates in accordance with the required legal form for "groups of voters." The result of discussing many possible nominees was that a decision was made to nominate three persons: Sergey Ponomarev, deputy to the former oblast Soviet; Anatoliy Aksenov, chairman of the former oblast Soviet; and Victor Averin himself.

Signatures are already being gathered for nominating these persons.

Aleksandr Grishko, chairman of the Sakhalin Coal Miners' Territorial Committee, announced that coal miners will, in any case, actively participate in the election campaign. "God Himself has given us this chance: Trade unions are now the decisive force, and if we (i.e., the trade unions—Ed.) are united, then it is almost certain that we shall win," he told the reporter from SVOBODNYY SAKHALIN.

Valentin Mazur, chairman of the oblast Employees of Small and Medium Business trade union said that his trade union would probably not cooperate during the election campaign with other trade unions. Mazur expressed a fear that the oblast Council of Trade Unions is intending to participate in the elections "too zealously." Trade unions should not nominate their own candidates because they would always be in opposition to the government. It stands to reason, however, that they should support the program that best corresponds to the goals of professional organizations.

Valentin Mazur also stated that the first constituent congress of the "Transformation of Russia" bloc would begin in Moscow on October 23rd. Sakhalin entrepreneurs intend to take part in it, but this does not at all mean that they will join that bloc.

According to Army Commander Vladlen Sychov, the army is not involved in politics and does not intend to participate in the election campaign. Thus, it is not expected that signatures will be solicited, nor will the army nominate any candidates. Servicemen, however, are not forbidden to express their opinions about nominees, and they can do so standing right in front of the ballot box.

Vladimir Paramoshkin, secretary of the oblast committee of the Communist Party of the Russian Federation, declared that Sakhalin communists will play a most active role in the election campaign. Two candidates have already been chosen: Viktor Averin, president of the Federation of Sakhalin Associations and Companies, nominated to the Council of the Federation, and Ivan Zhdakayev, former deputy to the USSR Supreme Soviet and employee of one of Sakhalin's Lumber Industry collectives, nominated to the State Duma.

With regard to Yevgeniy Krasnoyarov, whose candidacy was proposed by several public organizations, the oblast committee of the Communist Party has reacted to it very negatively, saying that a person appointed by the President will have to dance to the President's tune.

Nikolay Duvalov, chairman of the trade union branch for the fishing industry, stated that employees of the union have already met with a number of people, including entrepreneurs from the fishing industry, in order to ascertain the fishermen's position for the election. Thus far, however, it is too early to name the trade union's candidates. Duvalov also said that the trade union tried to take under its electoral protective wing a good candidate—Nikolay Dolgikh, mayor of Kholmsk,

but when the mayor found out about it, for some reason he turned down any assistance from the trade union.

"Apparently it was a dislike, in principle, of trade unions in general," suggested Nikolay Duvalov.

Sakha (Yakutia) Republic President on Economic Tasks

944F0112D Moscow VOSTOCHNYY EKSPRESS
in Russian No 31-32, 12 Oct 93 p 6

[Interview with Mikhail Yefimovich Nikolayev, president of the Republic of Sakha (Yakutia), by Robert Serebrennikov, journalist for VE; date and place not given: "From a Mining Republic to a Processing Republic"]

[Text] [Journalist] What are the problems facing the Republic of Sakha now?

[President] We are very seriously involved in a reorientation of our economy and organizational structure. We are gradually changing over from a mining republic to a processing republic, and have worked out a strategic plan to do that. The bottom line is that we have to produce consumer goods. Thus, we have already manufactured gold and silver jewelry worth five billion rubles. This is a first step. We have opened four gem-cutting enterprises for producing diamonds and before the end of the year we shall open four more. By the end of next year we shall have 16 gem-cutting factories in the republic, employing over 2,000 workers. We want to shift from exporting raw materials to producing consumer goods, and to reorient all our industries. Very serious work is being conducted on this matter.

We are also working on strategic issues relevant to the development of electric power. Notwithstanding all the present difficulties, we are constructing a hydro-electric power plant in Vilyuysk and reconstructing the Yakutsk State Area Power Plant [GRES] and the Yuzhnoyakutsk GRES.

We are also involved in road-building, specifically a railroad, knowing that in four-five years it will lead to a real revolution in our social development. We will no longer be dependent on the Lena River steamboats, on seasonal deliveries, or on the huge amounts of capital tied up for dozens of months in the holds of steam freighters.

Furthermore, we are very seriously working on the Arctic Fleet. Although Russia is in difficult economic straits now—and we understand that—the Arctic Fleet cannot be left to the mercy of fate. The Republic of Sakha is investing not only financial resources, but is also providing moral support to our naval navigation. We are also very intensively involved in foreign economic activities. Our Republic now has ties with 22 foreign states, and we have established over 30 joint enterprises that are working quite successfully. We see the results of this

work in the fields of reconstruction, the introduction of new technology, and the construction of public facilities.

Thus, with the assistance of Austrian firms, we recently opened a medical center. We have begun construction of a maternity center with help from Swiss firms. We are purchasing equipment for our dairy, meat, and even fish industries, and are starting to process these foods.

The Republic of Sakha is carrying out reform of its monetary and banking systems; a gold reserve and a diamond fund are being established (to which we give our share of mined diamonds); and funds are being reserved for future generations and for a convertible currency. All commercial banks that now make use of state loan resources will have these resources withdrawn and concentrated in the state credit resource bank of the Republic of Sakha. Commercial banks will now have to earn money themselves and use their own revenues for finance and loan purposes.

Thus, the Republic of Sakha has been conducting tangible and constructive work for the past two-three years. This can be seen not only by the working people of our republic, but generally, also by people in the Russian Federation. We have stability, peace, and harmony amongst the inhabitants of our land. This is constantly noted by foreign guests who come to visit us. But we would like to get through this transition period more quickly; therefore, we have to act efficiently and not only discuss matters. We now have more than enough discussions, meetings, all kinds of "round tables," and so on. We have to concern ourselves with acting on practical matters. Right now, that is the most important thing.

[Journalist] There was an item in the press to the effect that Yakutia is allegedly preparing to issue its own currency. Is this true?

[President] Well, with regard to that kind of item, to my great dismay this is not the first piece of disinformation. Someone wanted to have it appear in print. The president of the Republic of Sakha would not even dream about something like that. There are no such plans at all, but there is a great deal of speculation, for example, that Yakutia is leaving the Russian Federation, that Yakutia is issuing its own currency, that Yakutia is depositing its gold in foreign banks, that Yakutia is selling its diamonds directly to someone, and so on. Why is someone starting all these rumors? So that there should never be a powerful Russia.

[Journalist] There is now talk about a draft law for state regulation of mining, production, use of precious metals and gems, as well as state control over all operations relevant to precious metals and gems. What is your position on this issue, considering the fact that the Republic of Sakha mines 97 percent of all Russian diamonds?

[President] In my view, there is absolutely no need for this law yet. Mineral wealth belongs to the people. I agree that basic legislation should be passed, but not this kind

of law. That law actually has an underlying political motive, and not any desire to really establish some sort of order or to lay some sort of legislative foundation. What happened was that the establishment of the Russia-Sakha Diamond Company broke up the monopoly, the secrecy, and the concealment.

Some parliamentarians were opposed to the idea that mineral wealth belongs to the peoples of the republic in which they are found. They were simply gambling that the Russian Federation would remain united. They held the deep-seated concept that it was necessary to rule through force, with a big stick, and with various laws, edicts, and decrees. Without a doubt, this is why people like that will never let Russia get revitalized. They are the destroyers of the Russian Federation.

If, two years ago, we had not received the right to sell 20 percent of the diamonds that are mined in the Republic of Sakha, then for all practical purposes we would not only be on our knees right now, but we would have completely fallen down. It was really thanks to that decision that we have been keeping our heads above water, that we can provide social protection for our population, that we have not had a large decline in production, and that all the branches of our economy are stable and functioning well.

[Journalist] From time to time there are critical articles about the Russian agreement with the South African De Beers Company, which sells Russia's uncut diamonds. What is the true situation here?

[President] With regard to the agreement between Russia and De Beers, I think that a common language can be found around the negotiating table. I have not seen any figures anywhere that show the losses incurred by the former Soviet Union and Russia as a result of their agreement with De Beers.

Also, 1995 is not so far away, and that is when the agreement with De Beers expires. So, if we are going to reexamine the agreement, we have to do some serious preparation. The world market is the world market, especially when it concerns sensitive goods such as diamonds.

Agreement Reached on Building Kuban-Crimea Bridge

*944F0188B Moscow IZVESTIYA in Russian 26 Nov 93
First Edition p 6*

[Article by IZVESTIYA correspondent Andrey Aderekhin, Krasnodar: "Kuban and Crimea Agree To Build a Bridge Across the Kerch Strait"]

[Text] Representatives of the government of Russia, the administration of Krasnodar Krai, and the French (Bung) [as transliterated] Company, as well as the French (Klein-vort Benson) bank, with the consent of the Ukrainian side, have signed a protocol of intention to build a bridge across the Kerch Strait.

Ideas of building a bridge like this arose several times over the course of many years and even centuries. It is a not too widely known fact that the first real attempt to build a bridge across the strait was undertaken by Hitler. In the spring of 1943, in accordance with his order, a cableway was constructed, and a tremendous amount of metal structurals, cement, piles and other materials were conveyed over it—for constructing the "Crimea-Caucasus" cofferdam... After driving the Germans out, Soviet specialists decided to use the prepared materials, and within a half-year a bridge 4.5 kilometers long was built. In November 1944 the first train traveled over the strait along the unique track. But the existence of the structure was not long. By February 1945 the movements of the ice damaged part of the intermediate spans in the bridge. A governmental commission recommended dismantling the temporary bridge and building a new one later. In 1947 the design for the new structure was ready. However, Stalin, upon whom the final fate of the unprecedented structure depended, gave his preference to other construction projects.

In recent years the question of the need for reliable communication between Crimea and the Caucasus began to be raised actively once again by specialists and the public, and also by people who were simply indifferent. Because a bridge would have a handling capacity that is hundreds of times greater than that of the current ferry crossing.

So finally the idea of building the "Crimea-Caucasus" bridge is beginning to become a practical reality. In August the head of the Krasnodar Kray administration, N. Yegorov, visited Kerch, where an agreement was signed between Kuban and Crimea concerning the beginning of construction. In the course of intensive studies dealing with the problem, it was decided to attract foreign investors to finance the construction.

As was reported to the IZVESTIYA correspondent at the Krasnodar Kray administration, there were recent negotiations with the French side in Moscow. Participating in those negotiations from the Russian side was Vice Premier A. Shokhin. Recently the basic documents were signed concerning the construction of a unique bridge that will link Taman Peninsula and the Republic of Crimea by rail and by motor roads. Currently a final study is being carried out in Moscow, dealing with all the details of the practical implementation of the project.

Crimean Communists Try To Exploit Region's Weak Economy

944F0189A Moscow IZVESTIYA in Russian 25 Nov 93
First Edition p 2

[Article by IZVESTIYA correspondent Nikolay Semena: "The Communists Intend To Break Through to Power in the Weakest Link of Incompletely Built Capitalism"]

[Text] Crimea has probably not known since wartime a crisis as serious as the current one. Extraordinary measures have been introduced to control energy consumption:

many buildings and industrial shops are not being heated, and electricity is being turned off. Production as a whole is in an uncontrollable spin. In October alone, prices practically doubled. Because of the delay in the reforms in Ukraine, Crimea, which lays claims to independence, but which is simultaneously following in the wake of Ukraine's policy, has proven here to be the weakest link in the chain of market reforms. And the local Communists are taking advantage of this.

The process of restoring the regional organizations of the Communist Party has already been completed here. According to reskom [republic committee] information, approximately 44,000 former members of the banned CPSU have been re-registered and have currently been united into 1051 primary organizations. This is the largest party structure on the peninsula. Within the organization, the previous membership cards are being used, and people even are issued badges reading "50 Years in the CPSU." A republic-level conference to hear reports and hold elections was held, and it put forth as a candidate for election as the president of Crimea the reskom first secretary, L. Grach, and approved a list of candidates for election as deputies to the Supreme Soviet.

"Now, under the banner of Marxism-Leninism, the Crimean Communist Party, united around the Communist idea, is ready to engage in the decisive struggle for the nation's happiness!", P. Volchan, one of the leaders of the Simferopol organization, said.

Leonid Grach, whom the banning of the CPSU caught at the height of his powers in the position of reskom first secretary—which people assume actually was a major human drama—is currently capable of putting up tangible competition even to the strongest candidate and has every chance of winning in the election. Among the Communists he is the indisputable leader. He is a doctor of sciences, has had management experience in Crimea, and enjoys authority in all regions.

I daresay that nowhere in Russia or Ukraine have the structures of the restored Communist Party approached power so closely.

Difficulties for Ethnic Germans Emigrating to FRG Described

944F0189C Moscow IZVESTIYA in Russian 26 Nov 93
First Edition p 3

[Article by IZVESTIYA correspondent Vladimir Lapshkiy: "The Difficult Path of Russian Germans to Their Historic Homeland"]

[Text] The married couple Ivan and Irina Zibert, Russian Germans from the village of Krasnoyarka, Omsk Oblast, have made what must be the most important decision in their life—to emigrate to Germany with their infant son Andrey. Life will be better there, they state confidently. In Russia they do not see any prospects for themselves.

For emigrating Germans, Moscow serves as a transfer point. The Ziberts had never previously left the confines of Omsk Oblast, and the capital stunned them. I became acquainted with them at Kazan Station. Andrey Kleyn, vice-president of the Russian German House, and chairman of the Eskort [Escort] philanthropic society, had invited me to see how the ethnic Germans were leaving. The Eskort society, as is stated in their charter, "has been called upon to give a civilized nature to the departure of ethnic Germans to the FRG." Thus I happened to observe what is probably the most dramatic segment of the path taken by Russian Germans to their historic homeland.

The Ziberts carried their belongings out onto the platform, and porters dashed up to them—German resettlers can be spotted a mile away by their mountain of belongings. It costs more than a thousand rubles per piece of luggage to carry the suitcases to a parking lot a hundred meters from the railroad car.

The Ziberts are an exception. Kleyn and his associates help to carry the belongings and put the arriving family in his own car, and drive them free of charge to Olympia-Reisen, the hotel for people emigrating. Once I happened to observe the arrival of a group consisting of 17 people—that time Kleyn had played only the role of middleman, and had kept an eye on them to make sure that their fellow countrymen did not rob them of absolutely everything they had. The trip to the hotel would certainly have cost them a million rubles—that was the price asked by the gougers in the "commercial structure" who make a living from the resettlers. Those gougers always meet the trains from Omsk.

But Kazan Station, in the words of the Eskort chairman, was a mere bagatelle compared to the Domodedovo airport where the Omsk airplanes land. There the freelance entrepreneurs simply behave like wild animals, and Kleyn has not yet succeeded in finding a common language with them.

At Kazan Station it costs 1200 rubles per person to get a room at a "normal" hotel. Olympia-Reisen is actually only a place to spend the night. It is uncomfortable to live there. The rooms contain double-level bunk beds for two or three families. The German government pays for the first week's stay. Starting on the eighth day it is necessary to pay for yourself. Each person is supposed to receive a free air ticket to Hannover, but the seats are sold out two months in advance. If you want to fly sooner than that, you have to pay 120,000 rubles per ticket to a middleman. The Moscow transfer operation, Kleyn says, collects from the emigres practically all the money they have brought. Eskort does not yet have everything it needs to provide a "civilized form" to that operation: it needs people, funds, and transportation.

The Ziberts had 500,000 rubles in their pocket. They had not managed to sell their home in the village—they had accumulated the money by saving their meager earnings.

They flew away quickly, but the money, practically down to the last kopeck, remained in Moscow.

It is a cruel paradox. The real homeland of the ethnic Germans—Russia—has no self-interest in releasing its citizens, who are imbued with such invaluable qualities as industriousness and a respect for discipline. In its turn, Germany, burdened by unemployment and a housing shortage, and by a thousand problems with immigrants from around the world, is attempting to keep in Russia the people who, even if they consider themselves to be Germans, do not know German, people who are provincials who are far from understanding what is awaiting them in the thick of an industrial society (incidentally, not all the ethnic Germans receive the right to emigrate to Germany, and the term "non-entry" has even arisen; authorization to enter the FRG is refused to those who were not resettled to the East forcibly in 1941, for example, German residents of Moscow and their descendants).

Take, for example, the same Ivan Zibert, who is a tractor operator by trade. Will he find a job? Sometimes people leave as entire kolkhozes, Kleyn says; from the collection point, Russian Germans make their way to life in settlements consisting of prefabricated buildings. Upon arriving in the FRG, each individual receives 750 marks as "moving expenses." Those who cannot find a job—and people are extremely anxious to give them one—get a monthly welfare payment of 1000 marks. In Russia this amount of money seems to be impressive, but in Germany it's ridiculously low, much lower than the subsistence level.

So most people live an alienated life in a society which, according to Steven Erlanger in THE NEW YORK TIMES, perceives them as "third-rate Germans" (East Germans are the second rate). Their adaptation is a long and painful process. In this regard I shall quote the SUEDEDEUTSCHE ZEITUNG, which is published in Munich. The newspaper writes, "The social awareness of many ethnic Germans can be succinctly called antiquated... They have retained from the ideological influence of Communism the expectation that the state will assume all the concerns for providing them with the foundations for their existence and will give them a job. Unfortunately, the FRG manpower market simply cannot find application for all the tractor operators, milkmaids, and tailors. And those who do succeed in finding a job frequently do not maintain the intensity of an eight-hour work day."

It is interesting that the Germans who have arrived from Russia remain Russian citizens with all the consequences evolving from that fact. Or, rather, almost all of them. For us in Russia, the stamp that they went to Germany to take up permanent residency deprives them of the opportunity to get transportation tickets in exchange for rubles. They have to pay for an airplane or train ticket at four times the price. Thus, whereas, when

they depart, they are robbed by the "commercial structures," if they want to return, they are robbed by the state. One asks, "Whose citizens are these, anyway?—Russia's or Germany's?"

Discrimination against them begins from the moment when their intention to go to Germany becomes known. Their nonhistoric homeland simply turns away from them. Here is an example that was given by Kleyn. Kolkhoz members who have worked all their life in the field or an animal farm are refused the right to get a plot of land that they could sell.

Obviously, I was told at the Russian German House by its vice-president Valentin Belovolov, both Russia and Germany must apply all their efforts to keep the ethnic Germans in places that they have populated densely, and must give them an opportunity to engage in private enterprise and to get their own production operating smoothly. Every year our country loses hundreds of thousands of skilled working hands, but it is doing almost nothing to lessen the "caravan syndrome." As of today, the German consulate in Moscow has in its possession 650,000 exit applications, but it is difficult to say how many additional ethnic Germans want to leave their nonhistoric homeland.

Moscow Mayor's Office Chief of Staff Compares City Duma, Moscow Soviet

944F0207A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 18 Nov 93 p 2

[Interview with Vasilii Shakhnovskiy by Yelena Korotkova; place and date not given: "Unless We Have Some Kind of Safety Device, There Could Be an Explosion"]

[Text] [Korotkova] Vasilii Savelevich, what is the fundamental difference between the Moscow Soviet and the City Duma? Will it not turn out to be six of one or half a dozen of the other?

[Shakhnovskiy] Unfortunately, very few people understand how the soviet system differs from what we want to do. Are we not exchanging Sidorov for Petrov? But it is not a matter of people. If different people had been in that same Moscow Soviet or Supreme Soviet, the situation would have developed in exactly the same way. The conflict was implanted in the system of soviet power itself. Because this power is incapable of functioning. Nonprofessional, collegial organs cannot fully master all the power. You know, it would never occur to anybody to repair a television set collegially. When you want a concrete result, you must always have professionals. But for some reason it is thought that a nonprofessional, collegial organ can manage the economy. But to manage either a city or a country is a profession. It was necessary to abandon the pernicious principle "All power...." The conflict of the past two years consisted in the fact that one of the parties could make decisions regarding any issue.

Three years ago, when I was a deputy, I was amazed at how these people could make decisions without any fear. The collegiality of the decisionmaking and the absence of personal responsibility eliminate from the process of decisionmaking such a considerable aspect as fear of making a mistake. When responsibility is assigned to an individual, that individual will measure the cloth 100 times before he cuts. Therefore, the main idea that should be at the basis of reforming the power structure is clear-cut delimitation of authority. After all, it is written in our law that executive power at any level is appointed by the representative organ. Naturally, the head of the administration was dependent on the soviets, because they could fire him at any time. Hence the destruction of the executive vertical of power, on the one hand, and the reshuffling of it with representatives of the rayon soviets, on the other. The city began to unravel like a patchwork quilt. Sometimes unprofessional decisions by the executive authorities simply led to human tragedies.

[Korotkova] Is there a guarantee that the executive authorities will not make mistakes?

[Shakhnovskiy] Of course not. But professionalism is an undoubted plus for the executive power. Professionals can always figure a problem out better than dilettantes can. The minus here is the fact that the more professional the system becomes, the more it is detached from the population. Well, naturally, we have to add corruption in, here, and all those negatives that are inherent in any state power.

Now, while we can see the pluses of the executive power, we must compensate for its minuses. And that is why the representative power exists at the level of the city. The City Duma, which is elected for a short period of time, includes people who are bearers of the social order. And if we establish a clear-cut interaction and a clear-cut algorithm for decisionmaking, taking into account professionalism on the one hand and the social order on the other, then jointly adopted decisions will not generate social tension in society. For even the most economically correct decision can cause tension in society, and it is practically impossible to account for this with a formula. And unless we have some safeguards when adopting decisions, a social explosion could occur. I would like to describe this image here: Imagine some production that is boiling something and is involved in a complicated process. And at the exit there is a valve. If the mixture is good it opens, and if it is bad it closes. Therefore, the main distinction between the soviet system and the municipal system is the principle of division. The following tasks are established for the representative authorities: first, monitoring the activity of the executive power, and second, approval or disapproval of normative documents. They do not develop them themselves, but they approve them or disapprove them....

[Korotkova] That is, it ceases to be the legislative power?

[Shakhnovskiy] Of course.

[Korotkova] But in the law on elections and the law on the City Duma, it is written that it is the "legislative power."

[Shakhnovskiy] Here, unfortunately, we have run into a kind of snag. The City Soviet, on the one hand, is supposed to deal with municipal issues, but, on the other, as a component of the Federation, according to the Constitution, it also has the legislative initiative. Although I do not understand how a city, even such a large one as Moscow, can be a component of the Federation. Therefore we were forced to write this. But, believe me, 95 percent of the issues that are supposed to be resolved by the City Duma are municipal issues. The problem of the Moscow Soviet was that it did not handle city issues. They were resolving problems of Karabakh, and the Dniester Region, they were involved in the split of the Taganka Theater. But still in two years they were unable to include on the agenda a program for the city's ecology. At what price did we manage to convince the Moscow Soviet to include the question of land on the agenda? And they did not think it all the way through either. Within the framework of the kind of legislation that existed, it was impossible to establish even the slightest system of interrelations. I think that the greatest harm to the state was caused by the law "On Oblast and Kray Soviets," which was adopted two years ago by the Supreme Soviet. You understand, irresponsible people began to sway destinies. And without any restrictions. For there was no supervision of the soviets at any level. And no answerability. And decisions under this law had to be executed. The fact that Moscow made it through, that with all the justified reproaches against the executive authorities, the city is living, being built, and being put back in order—this happened solely because two years ago the president signed an edict on additional authority for the mayor. And referring to this edict, we had a certain freedom in relations with the representative authorities. All of the struggle of past years between the executive and representative powers was precisely because we were not operating within the framework of the law on oblast and kray soviets.

Therefore, the main idea of the reform is a fundamental change in the system of power. Let us talk about what we tried to include in those documents that the president has already approved and in keeping with which, I hope, the work will be more effective. The main principle is that all documents and all decisions regarding fundamental issues (these include normative documents, the budget, development plans) will be developed and prepared by the executive authorities. After that, the documents will be turned over to the City Duma, which may either adopt this document or not. That is, we will begin to have that safeguard I was mentioning to you. If the Duma does not accept the document and expresses certain objections, these corrections will be returned to the executive authorities and undergo an expert assessment. We cannot actually get along without one another. Let us say that we do not agree with the corrections, but we must get this law through. Then we would be forced

to make a compromise, to look for solutions which would satisfy both sides. If there is no clear-cut algorithm, we will get bogged down in deliberations again.

The second function of the Duma is to monitor the execution of normative documents by the executive authorities. Here all the authority the City Soviet had will be retained. And the third function is the budget. The distribution of money—this is the main lever in any work.

[Korotkova] Then to what extent will the City Duma be a representative power? After all, any representative power presupposes feedback from the voters. When there are only 35 deputies for 7 million voters, there is no guarantee that these deputies will be the bearers of the social order.

[Shakhnovskiy] You know, numbers do not mean anything. In New York until recently there were 36 deputies. Do you think that the 500 deputies on the Moscow Soviet had feedback? Just ask them when was the last time they received people in their offices. People elected to the Duma, if only because of their social affiliation, will bear a kind of social order. Three years ago I was an engineer, I had a family, I went to the store, I traveled on city transportation. And at first all my decisions were based on this. Therefore, in the first stage they bring the social order here anyway, until they become detached from life.

[Korotkova] How will they bring this order? After all, you yourself said that it is mainly former deputies of the Moscow Soviet who intend to run for the City Duma now. They were detached from life back in 1990.

[Shakhnovskiy] I still hope that Muscovites will approach the election more responsibly this time. That this time they will elect not politicians, not those who shout "Down with...," but people who can really do something. We must get the people to demand responsibility in decisionmaking.

[Korotkova] All right, but how will the City Duma receive "fresh forces"? After all, the law on elections establishes such a high requirement for registration of an individual candidate—4,000 signatures. This means that regardless of how much we may want for the City Duma to be depoliticized, the people who have real chances are those who are backed by a political bloc or a public organization....

[Shakhnovskiy] We placed a fairly high barrier there on purpose. While in past elections when there were 500 deputies I had 20 candidates in my district alone, how many will there be for 35 deputies. But a person who comes to the electoral precinct on 12 December will be handed five ballots. It will be very difficult for him to figure it out in general. Therefore, we have raised the stakes deliberately, so that random people do not get through.

And it is not such a bad thing if a person is backed by a political bloc. Because he represents someone. After all, what was the problem with the deputies of the Moscow Soviet? They were not answerable to anyone. But now, say, if we have a representative of the Communist Party in the Duma, when we make decisions we will be dealing not only with an individual deputy, but with this political school. Although I think that the fewer politicians we have in the Duma, the better. Of course, it is not only political blocs that want to have their representatives in the Duma. We have been living for three years in a conventionally democratic state, and we understand what lobbying is. Of course, certain structures—both commercial and noncommercial—want to have their representatives in all power structures. They will help the candidate to gather those 4,000 signatures. Either organizationally or materially. For example, I know that a market price has already been established for a signature. They hire students and schoolchildren and pay 100 rubles for each signature they collect. A person who invests money in a candidate has some tie to him. I am not saying that they are buying the candidates. An elections campaign always costs something. Therefore, when we place this high barrier it is as though a priori we set the conditions whereby people will come bearing responsibility to someone.

[Korotkova] But where is the guarantee that the City Duma will not share the fate of preceding dumas and the Moscow Soviet at the same time? That is, that they might be disbanded some fine day?

[Shakhnovskiy] Only an insurance policy can provide a 100-percent guarantee. At least I cannot give such guarantees. I do not know how events will develop. I personally am in favor of separation of powers. Although objectively in the present stage we need a stronger executive power.

When I am talking to my political opponents who say that it has never occurred to a single president in America to dismiss the parliament or senate, I respond: "Excuse me, but in that same society, any politician who would declare from the podium, 'There is no greater democrat than I' would be putting an end to his career." It is all determined by public opinion, the reaction of society, and political practice. This will not happen for a year or two. We are still faced with a long and hard learning period. Let me give an example that has already been given many times. A person who rides a horse knows only a couple of ways of controlling it: "gee" and "haw," to the left—to the right. And nothing more is needed; a child can learn to ride a horse in five minutes. But high-speed automobiles are travelling alongside him on the road. And everyone understands that it is better, faster, and more comfortable in an automobile. But you have to learn to drive it. And if a person gets on a horse, he not only can figure it out for himself, but he can also apply pressure to those who are next to him. We now remind me of people who have moved from a cart to the

automobile of democracy all at once. And it has its own laws. We must learn them. Therefore, our only guarantees are in ourselves.

Internal Affairs Minister Yerin Reflects on Crime, Moscow Militia

944F0172A Moscow KURANTY in Russian
10 Nov 93 p 7

[Interview with the Russian Federation Minister of Internal Affairs, Army General Viktor Yerin, by KURANTY correspondent Aleksandr Nadzharov; place and date not given: "Whom Does My Militia Protect?"]

[Text] *On the eve of Russian Militia Day, which is being celebrated today, the minister of internal affairs sent a question to militia organs: In the opinion of law enforcement specialists, what should this service be called—militia or police?*

"This question already had been raised after August 1991," Viktor Yerin tells me. "At the time, I felt a change of name was premature."

[Nadzharov] And now, Viktor Fedorovich?

[Yerin] We will collect our colleagues' opinion and decide. I think the circumstances are different now that they were 70, or even two years ago. Now is the time for professionals, while the term "militia" means an organized popular army. There is something amateurish in this.

[Nadzharov] The evaluations of militia's actions during the October events that have been expressed in the press and, for instance, by the government, clearly differ. Council of Ministers Chairman V. Chernomyrdin explained this by the fact that "journalists simply do not know everything." What has been left out of the picture?

[Yerin] Nothing secret, other than perhaps some insignificant nuances of human relations. The important point is that we were not only able to mobilize the entire system of organs of internal affairs, but also to ensure the efficiency of its work.

[Nadzharov] Pardon me, but what happened did happen: Mobs broke through militia cordons at Smolenskaya Square and at the White House. The Sofrino special-designation militia detachment left Ostankino at the most inopportune moment.

[Yerin] We analyzed immediately, right on a hot trail, the situation in Moscow and compared it to peacetime world practices, and we did not find anything comparable in any other country. Our people have never before encountered direct and immediate participation in unrest organized by major leaders of national standing and deputies of the national parliament. We do not have any legislation to this day on how to deal with something like this. Besides, the altercation was started by rather well-armed and, by the way, quite numerous groups. What we had to face was serious military action in the

center of a huge city. Militia organs are not prepared for this by their very nature, although, as you know, they have accomplished quite a lot. All of this is very different from neutralizing even a very large armed criminal gang.

[Nadzharov] By the way, speaking of arms. As is known, they were distributed in the White House. How did they get there?

[Yerin] They have kept firearms there since 1991.

[Nadzharov] Why have you not confiscated them?

[Yerin] Khasbulatov's parliament would not let us. You know that it tailored laws to itself. Therefore, strange as it may sound, these weapons were there legally. On the same legal grounds, so to say, that constantly were being used to split enforcement structures.

[Nadzharov] The "minister" of internal affairs, Andrey Dunayev, hastily appointed by the parliament under the self-imposed siege, was you deputy, was he not?

[Yerin] First deputy. During those days he made attempts to splinter the Russian militia: During the days of the rebellion, he telephoned each of my deputies and the heads of several militia higher schools. His efforts did not bring any results. All of them got in touch with me or sent an office memo.

[Nadzharov] What did Dunayev count on, then?

[Yerin] Aleksey Fedorovich had served in the militia for 35 years and had a reputation of a good professional. But as a person he was an ambitious man who disdained collective forms of leadership. With age, he also acquired the desire to possess unearned material goods. In my opinion, Dunayev reacted very painfully to the fact that he had been relieved from the job of the minister—he had held this job briefly two years ago. In short, a real tragedy for a man who, as they used to say in the old times, put the personal ahead of public duty.

[Nadzharov] One gets the impression that to you personally, the actions of the militia during the days of the rebellion look almost ideal.

[Yerin] Do not exaggerate. The organs of internal affairs showed a united front in the cause of defending the interests of the people. There were glitches, too. The same Sofrino detachment, although they did not run away from the site of the action—they left Ostankino on order—did get confused regarding the route and for some period of time lost communications. The organs of internal affairs in these unusual circumstances also had to completely change their psychological attitude regarding public unrest. I understand—although I cannot approve—a militiaman who could not bring himself to turn on a powerful water cannon to disperse a crowd that had elderly people and children in it. And we also had even more powerful equipment.

Figures and facts

Over nine months there were 2,200 mass events, of which one-fifth took place in Moscow. More than 2.2 million people took part in them. Assignment of organs of internal affairs personnel to mass events—which takes between 40 and 60 percent of available staff—weakens the ability of street patrolmen and permanently posted guards to fight street crime.

The MVD [Ministry of Internal Affairs] and the Ministry of Justice have prepared a draft Russian Federation law "On Public Events," which will be submitted for consideration to the Federal Assembly.

[Nadzharov] On 6 November one of your staff maintained that there would be no gatherings and disorder on Kaluzhskaya Square on the 7th. Nevertheless, as early as in the morning of that day, militia detachments had to push back groups of demonstrators.

[Yerin] All correct. Because illegal rallies were banned by the government of Moscow. There have been no unpleasant excesses either on Kaluzhskaya or Red Square, or any other places. No injured, either.

[Nadzharov] Let us, Viktor Fedorovich, move from social cataclysms to the militia's daily work.

[Yerin] Certainly. Here are some fresh data. Over January-October, 2,293,349 crimes have been committed around the country. This is 1.7 percent more than over the same period last year.

[Nadzharov] Does that mean that the rise in the crime rate has slowed down?

[Yerin] Judge for yourself: In 1992 as compared to 1991 the increase amounted to 27 percent. We expect by the end of this year a minimal increase—a little more than 2 percent. These figures differ dramatically from those forecast through 1995. We are especially glad to see that there has been some decline in property-related crimes. For instance, there has been 4.3 percent less theft of state and public property, and 2.4 less theft of private property.

[Nadzharov] Why did that happen?

[Yerin] In the course of the reform, people finally began to acquire a feeling of ownership. Many realized that they cannot live behind a cardboard door, and they began to protect their own apartments, warehouses, and offices. The organs of internal affairs have not lost control over the processes in the criminal milieu and have retained a real capability of influencing them. The third factor is the cadres. We have been able to get serious reinforcements. Our staff has increased by 20 percent.

Figures and facts

The number of premeditated murders since the beginning of the year has increased by 32.8 percent; assault—by 31.1 percent; and robberies—by 37 percent. As before, less than one-half of the crimes are solved.

Nevertheless, according to the summary for nine months of this year, the organs of internal affairs solved almost 105,000 more crimes than over the same period of last year. Including 53,000 serious crimes.

There are interesting data on the results of nine months of work with respect to compensation for damages resulting from crime. Almost 110 billion rubles [R] in money and valuables have been confiscated from the criminals, as well as 778 kg of gold and other precious metals and more than 2,000 karats of precious stones.

[Nadzharov] Viktor Fedorovich, over the past few months we constantly see, so to say, a criminal reflection of the political struggle. I mean the politicians' numerous mutual accusations of corruption.

[Yerin] I consider it a dirty trick unworthy of real politicians. The administrative apparatus, however, is always susceptible to the virus of corruption. That is what the organs of internal affairs exist for—to keep the disease from spreading to the entire organism. This year, more than 1,700 criminal proceedings have been initiated against corrupt bureaucrats. Last year it was half that many. We have uncovered 3,700 incidents of bribe-taking, which is one-third more than the analogous figure for the last year.

Figures and facts

Numerous facts of corruption have been uncovered lately in rail, maritime, and air transportation of Russia.

An organized criminal group of functionaries—officials in positions of responsibility in the Bank for Foreign Economic Activity—was uncovered in June 1993; altogether, the damage they did to the state amounted to \$15 million.

In Voronezh Oblast, a group of firm directors and high-ranking officials in the Savings Bank system was arrested for numerous instances of bribe-taking and bribe-giving in connection with issuance of credits.

Also arrested were high-ranking officials of the Central Operations Administration of the Central Bank of Russia, as well as chairman of the Soyuzprofbank's board of directors, who are charged with taking bribes in an amount in excess of R3 million and \$27,000 for issuing credits, opening accounts, and cashing money out.

Investigation is under way in about 700 criminal cases of theft and bribe-taking in the banking system. More than 250 organizers and active participants in large-scale swindles have been identified, who attempted to steal more than half a trillion rubles through the use of fake letters of credit.

[Nadzharov] And how is the situation with respect to combating organized crime?

[Yerin] Serious progress has been made in this area. What is, for instance, the criminal investigations department's work? It is primarily work that begins, so to say, with a crime: Investigations begin after a crime has been

committed. Only then is the crime site examined, and interrogations, searches, and personal encounters conducted. When it comes to the mafia, everything is different. Here everything begins with a suspect, finding out his contacts and intentions. And in this respect, the statistics based on trying to fit the results into the term "organized crime" is improper. After all, a group of racketeers operating at a farmers market is not, as you realize, the mafia. The mafia—that is when a criminal association includes not only rank-and-file operatives, but also bureaucrats—quite often rather high-ranking—and, let us be honest, members of law enforcement. The true work in fighting organized crime is just beginning. Special rapid deployment groups already have been set up for this purpose.

[Nadzharov] This is happening too slowly, Viktor Fedorovich, too slowly. Over the past two years we actually have not learned of any major case.

[Yerin] I disagree with you. If we do not have, for instance, discredited ministers, we should only be happy. Tell me, the examples above—is this small fish?

[Nadzharov] No, of course not, but theft is indeed going on on a large scale. Your staff members told me, for instance, that literally a few days ago 100 cisterns of petroleum products en route on fake manifests were intercepted in Bryansk. What stands in a way of fighting this kind of crime?

[Yerin] First and foremost the imperfection of the legislative base. The law "On Combating Corruption" still has not been put into effect; questions of criminal responsibility for organized criminal activities, setting up false businesses, and fictitious bankruptcies remain unresolved.

[Nadzharov] Most likely, even the new Federal Assembly will not be able quickly to resolve all the long-accumulated problems of criminal law.

[Yerin] Therefore, we should make better use of the old ones, which, by the way, nobody has repealed. But look at what is happening in real life: Crime grows and becomes bolder, while the courts frequently display liberalism, to put it mildly. In other countries, the crime-engendering atmosphere also frequently worsens for certain periods of time. And what of it? At a time like this, they have always—and I am not afraid of this word—toughened the punishment for crime. Here, however.... The Ministry of Internal Affairs has a list of 111 judges whose sentences evoke considerable—and frequently provable—doubts. Our judges enjoy immunity, however; by the way, do you not think that the categories of officials afforded legal guarantees of immunity are too broad?

[Nadzharov] Why broad? Deputies, for instance....

[Yerin] Correct. However, in other countries, parliament members cannot be prosecuted only for speeches made in that same parliament. In our country, you cannot

touch him without permission from the body of which he is a part. In addition to deputies, the category of untouchables includes the judges and the procuracy.

[Nadzharov] Let us move from the problems of legislation to, let us put it this way, the streets of our cities. Without exaggeration, the state of law enforcement there is a matter of concern for everybody without exception.

[Yerin] Street crime is indeed growing, and at a different rate than crime in general. We are very concerned over the increase in such types of street crime as premeditated murder and assault, robbery, mugging, and hooliganism. Among the regions with a difficult operational environment over the past nine months we should name first and foremost Moscow, St. Petersburg, and Sverdlovsk Oblast, where street crime increased by 32 percent, 30 percent, and 20 percent, respectively.

[Nadzharov] What is the militia doing about it?

[Yerin] We are beefing up the number of patrols and permanently posted militiamen; and we are increasing our capability to quickly and efficiently react to crime and changes in the operational environment. Such combatant units already have been set up in all cities and rayons. Special-designation militia detachments are playing an increasing role in fighting street crime. In addition, 73 special motorized military units of the MVD internal troops, numbering more than 12,000 troops, now take part in ensuring law and order. We are restoring various forms of public participation in law and order maintenance. Cossack volunteer people's units operate in Krasnodar Kray and Rostov Oblast; public self-rule committees and associations of volunteer enforcers are in operation in Voronezh. The Russian MVD has prepared a draft law "On the Population's Participation in Maintaining Law and Order."

[Nadzharov] Are we going back to volunteer people's units?

[Yerin] Why not? I have to tell you that in the United States, for instance, volunteer safety patrols operate in residential areas, along with mobile radio-dispatched crime-combating squads. Similar law and order maintenance associations exist in England, France, and the FRG.

[Nadzharov] What is the Russian MVD doing to better combat apartment burglaries?

[Yerin] We are implementing a computer-based information-retrieval system called "Apartment;" we have developed the automated fingerprint identification system "Papillon;" we periodically conduct a nationwide comprehensive "Operation Apartment."

Figures and facts

Over the current year, 338,570 apartment burglaries have been registered, of which 97,737 have been solved, which is 20.8 percent more than over the analogous period last year. The rate of solving this type of crime improved by 1.4

percent and amounted to 29.8 percent. Because of increased costs of the service, installation of monitored alarm systems has declined. For instance, about 30,000 apartments have discontinued the use of monitored alarm systems this year.

Of solved apartment burglaries, more than 30 percent were committed by criminal groups. There is a marked trend toward an increase in the number of burglaries committed after preliminary assessments, by "leads," with the purpose of stealing specific items.

[Nadzharov] Juvenile crime and crime committed by young people. This is where the Russian criminal world recruits new cadres. Groups of punks from provincial cities have become a real plague in Moscow and St. Petersburg. Anpilov and his ilk are also beginning to draw on this young-lumpen group for cadres of his "fighters."

[Yerin] Over the past 10 years, the share of juveniles committing group crimes has remained stable, at about 70 percent. We have identified almost 60,000 teenagers that are part of groups warring among themselves for spheres of influence in micro-rayons. One of the specific traits of these juvenile groups is their penchant for traveling to other regions for criminal purposes. In Moscow alone, one out of five juveniles charged with crime is from out of town.

Figures and facts

Over eight months of 1993, of 645 out-of-town juveniles detained for commission of crime, 517 are residents of various regions of Russia, and 120—of former republics of the USSR (mainly Transcaucasus). They account for one of four murders in Moscow, one of three robberies, and one of two rapes. Over six months of this year alone, more than 10,000 juveniles—members of such groups—have been charged with crime.

[Nadzharov] Over the past few years, there has been a marked increase in the number of car hijacking. In your opinion, what is the explanation for this?

[Yerin] There are many reasons, but the main one is the relative ease of hijacking a car and legalizing the stolen property, as well as the mild criminal penalty. Actually, car hijacking per se in practice no longer exists, and has not for quite a while. This is theft, and considering the cost of a car, it is theft of especially major proportions. So the punishment should be under this article instead of a "joy ride."

[Nadzharov] Well, this, too, is for the future Federal Assembly. Meanwhile, what is the militia doing about it?

[Yerin] Here is what. We have petitioned the Ministry of Justice three times, drawing their attention to the imperfect procedures for issuing authorizations to use an automobile and the complete unprotectedness of these blank forms from forgery. Literally a few days ago, the GAI [State Motor Vehicle Inspectorate] officers detained a whole gang driving south with 15 stolen foreign-made

cars. Well, the documentation on all cars was in complete order. Moreover, the thieves also had 104 blank forms—signed and with all the proper seals attached—of authorization to sell.

We are currently putting together a system of stolen vehicles search over the entire territory of Russia, on the basis of militia control posts and inter-regional information systems. We are modernizing the information retrieval subsystem "Autosearch," into which every vehicle stolen in the country is entered.

Figures and facts

In 1992, there have been 115,691 car thefts, of which 26,430 (23.3 percent) have been solved. In 1993, there were 74,763 thefts. Of them, 12,863 solved (20.2 percent).

Places where these crimes are committed: courtyards and streets at the address of permanent keeping—53.9 percent; place of work—15 percent; garages—25 percent. Method of entry into the vehicle: master keys and lock picks—30.7 percent; unimpeded access—25 percent; pressing (pushing out) a window—20 percent; preliminary towing—15 percent.

[Nadzharov] In conclusion, Viktor Fedorovich, I would like to ask what is being done in the area of legal protectedness of members of law enforcement.

[Yerin] The law "On the Militia" for the first time codifies the right of law enforcement officers to defend themselves in court, and in the instances envisaged by law—the right to use physical force, special means, and weapons for protecting themselves and their families. At the same time, the legal protectedness of our staff remains inadequate.

As to the prestige of serving in the militia, the main point here is in creating public opinion favorable to us. Of course, we also need your help—the help of newspaper, radio, and television journalists. It is very important to select people on the basis of competition, which is what, I hope, we will begin to do in the near future; also equipping them, and providing them with technical means. There is a lot to be done; the leadership of the country is helping us, the population supports us, and the rest is up to us. We will keep working.

Non-Interest Credit for Nizhniy Novgorod Individual Builders

944F0189B Moscow IZVESTIYA in Russian 25 Nov 93
First Edition p 2

[Article by IZVESTIYA correspondent Anatoliy Yershov, Nizhniy Novgorod: "A Billion Rubles To Help Individual Builders"]

[Text] The Nizhniy Novgorod authorities are carrying out a new and interesting experiment—in accordance with a decision issued by the oblast Soviet, from now until the

end of the current year a billion rubles are being allocated to individual builders, with that credit being very advantageous—interest-free.

"Currently we are observing in the oblast a reduction in housing construction," V. Frolov says. Frolov is the director of the department of construction and communal-housing management in the oblast administration. "Whereas previously we activated as much as 1.7 million square meters a year, currently we expect, at best, approximately a million square meters. According to our calculations, 4000-5000 individual homes are being built, but frequently that construction has been proceeding poorly—the prices of building supplies have increased sharply, and the builders lack funds to complete their homes. That is why we decided to help them. Of course, we are talking primarily about physicians, teachers, and workers in the militia and other state institutions that are financed from the budget. An absolutely mandatory condition is that the readiness of the individual home being built must be no less than 40 percent, or that the future builder has purchased building materials at a considerable cost.

There is one more important addendum: in the event of obtaining credit, the individual builder take additional leave from his place of employment for a period of up to three months without pay. Interest-free credit is also being given to local branches of banks. And special credit commissions have been created at the rayon and city administrations to select the credit recipients. This credit is being issued for a period of ten years.

Difficulties of Life in Vorkuta Detailed

944F0188A Moscow IZVESTIYA in Russian 25 Nov 93
First Edition p 5

[Article by IZVESTIYA correspondent Igor Gritsenko, Vorkuta-Moscow: "In a Trap: That Is Where Tens of Thousands of Vorkutans Have Found Themselves Today"]

[Text] The events of recent days in Vorkuta, the hunger strike of the leaders of the miners' trade union, and the 24-hour strike at all thirteen mines have once again drawn attention to this small transpolar city. People in the miners' collectives have been carrying out active preparations for an open-ended strike that is planned for 1 December. But what is happening in Vorkuta today? And what is Vorkuta like today?

Into the Hospital... With a Pistol

Certain young and slightly drunk Vorkutans, when visiting their relatives and friends at the city hospital, bring in knives and pistols, constantly threatening the medical personnel by literally holding the muzzle against their temple and the blade against their throat.

That is how they establish their own rules: "You'd better get moving and give this guy better medical treatment,

pal...", or "Make sure you give my guy special handling"... For more than two months—since September—fighting men from the Vorkuta OMON [Special Purpose Militia Detachments] have been on duty in the hospital. In November the sentries were removed, and the orderlies and nurses who have frightened to death by the unwelcome guests have begun once again to inundate their chief physician with complaints and demands that they finally be provided with complete security...

Currently the polar night is taking over in Vorkuta. And by 1500 hours the sky becomes the color of the coal that is mined here. By 1900 hours, life in the city dies: it is a rare Vorkutan who decides to poke his nose out of his apartment during the hours of darkness—it's too scary.

Although for a long time Vorkuta was considered to be a closed city, this definitely does not mean that it was closed for criminals. Sergey Voynovskiy, deputy chief of the Vorkuta OVD [Internal Affairs Department], feels that, despite the slight decrease this year in the number of heinous crimes, the current unstable (to use a mild term) economic situation has been one of the factors in the sharp increase in crimes committed for mercenary reasons. There has been an increase in robberies and assaults. Apartment burglaries, which have become more skillfully executed, have increased. There has been an increase in the number of street crimes, the number of assaults in apartments... More and more motor vehicles are being stolen (strange as it seems, they are even stolen in Vorkuta, although there still is no motor road linking the city with the mainland). As a rule, the vehicles are stripped for their spare parts, or the thieves switch the license plates and calmly ship the vehicles on railroad flatcars traveling in a southerly direction.

Fire, Water, and Bitter Frosts

But people have to live. No one is waiting for them anywhere. This is their homeland. This is where their job is located, a job that still provides with some little piece of bread, a roof over their head, and their corner in which to live, even though it may not be the warmest one. It is terrible to think that today in a Vorkuta with a population of more than 200,000, there are 300,000 square meters of barracks-type housing. Of course, urgent steps should be taken to tear down these absolutely useless structures that go back to "the times of Lavrentiy Pavlovich [Beria]". People say that the houses squeak and crack, and every wind blows through them: the roofs have holes in them, and the rafters in the attics have popped.

I visited buildings like this. It is a gloomy sight—apartments that are damp as though they have emerged from a good soldier's bath house, plastering that has swollen and has fallen from the walls in places, and frost on the baseboards (the frost begins to appear when the temperature outside drops below minus 20 degrees [Celsius]).

According to stories told by the local residents, the excruciatingly bitter transpolar frosts occur in January

and February. Nothing saves people from the severe cold—neither the electric fireplaces nor the rather powerful space heaters. The people also await unpleasant situations in the spring, when the snowbanks that are 3-4 meters high and that have stuck to the houses on all sides begin to melt. So, when the snow begins to disappear, pools of water that are really shallow seas form around the houses. Therefore the inhabitants have to build makeshift dikes and approaches to their driveways. And no one knows how many springs like this the foundation of this kind of house can withstand, although its "curvature and lopsidedness" are obvious to any eye, even the most nearsighted one...

Vorkuta, where the winter frosts reach the [minus] 50-degree [Celsius] mark, today does not have normal heat supply and, with the current heat shortage, it is not precluded, incidentally, that there is a danger that the city will freeze. In addition to dozens of small-scale boiler rooms, there exist the basic ones here—TETs No. 1 and No. 2, as well as the Central Vorkuta Boiler Room (TsVK). TETs-1 can be boldly called "an old lady with one foot in the grave." At TETs-2 the two most powerful turbines have been stopped because of defects that were detected in them. The city urgently needs TsVK-2. By 1984 the capacities of that TsVK were supposed to have been two-thirds activated. But so far its construction has not even been begun. In general, incidentally, Vorkuta is famous for its construction projects that take many years to complete. A capital system for water supply has already been under construction for more than 38 years, and it took 222 months to build the Central Concentration Plant instead of the planned six months.

This is a land that has been forgotten by God, Russia, and Moscow. People have been brought to the point of despair and mental breakdown. There are fewer and fewer prospects for building a life here. That is why there has been an increasingly strong demand in Vorkuta not to build housing in the city, but in the central zone in Russia. According to the minimum computations, it will then be necessary to resettle 25,000 families. However, in view of the lack of a special government program for resettlement, it is scarcely possible to do this.

Previously, for example, the people who came to the North in order to earn good money were able, after 15-20 years of constant work, to accumulate a sufficient amount of savings to bring up their children and get them established in life, and also to provide for their own old age.

I was told about a certain 49-year-old woman named Lida, who, because of the thought that she would never be able to leave Vorkuta, had literally lost her mind. In 20 years of impeccable work at one of the Vorkuta enterprises, she managed to accumulate approximately 15,000 rubles. She began preparing to leave: she sold all the furniture in her apartment, and many warm belongings. She located a little house for herself in Karaganda. But unfortunately prices of absolutely everything began

to rise... So now Lida is still here in her empty apartment that contains only her folding bed and her savings passbook.

How many dramas like this have not yet occurred?

As of today, the waiting list with names of people looking for housing in the south consists, at the Vorkutaugol Association alone, of more than 4000 names. But only 500-600 have any real chances of getting apartments (incidentally, the apartments in Vorkuta itself are comparatively inexpensive: a 2- or 3-room apartment can be bought for 4-5 million rubles).

"People who live in the south must understand that the Vorkutans today have become, essentially speaking, hostages of the North," Igor Shpektor, president of the Association of Northern Cities, says. "And the future Federal Assembly obviously should take a look at our problems specifically from these positions and should prepare for Vorkutans a real program of how we are supposed to live in the future."

But what was told to me is only the weak background of a more gloomy and more frightening drama that is unfolding in this transpolar part of the country. There are problems which confront the Vorkutans with the bitter question: to be or not to be? In addition to the everyday woes, last year other, more serious ones were added. And that's what the crux of the matter is.

Impoverished Billionaires

In the opinion of Aleksandr Stepanov, chairman of the Directors Council of the Vorkutaugol Association, the Moscow authorities, in their relations with Vorkutans, have taken the position of an ostrich, assuming that everything forms in and of itself.

The three whales on which practically all the miners' woes are based, according to Stepanov, are the late payments from the state budget and the customers; the unlimited railroad rates; and the piratical—there is no other suitable word—actions of the tax inspectorates.

Acting in the role of the chief debtors, if one disregards the state itself, are the Cherepovets, Novolipetsk, and Nizhniy Tagil metallurgical plants. As a rule, the customers pay two to three months later. And whereas previously two-thirds of the payment pyramid consisted of government subsidies and the rest was payments from the customers, today that picture has changed to the exact reverse.

However, the customer's way of thinking, the chairman of the Directors Council is convinced, has remained unchanged: "Ship the coal and we'll settle up later." The only way out is apparently in prepayment. In August, for example, the association attempted to do that—it stopped the shipment of coal and demanded prepayment. The representatives of the plants immediately came to Vorkuta, drew up a payment schedule, and at first fulfilled it conscientiously. But a short time later everything was disrupted: the coal miners began to find

themselves in the same situation as the metallurgists, inasmuch as their blast furnaces were on the brink of stopping.

As a result Vorkutaugol itself proved to be in debt—the energy suppliers were demanding 6.5 billion rubles, and 26 [billion rubles] was the amount of wages that had not been paid during a three-month period. Although the association had on its accounts a positive balance of four billion rubles.

As for the railroad rates, the most recent increase in which occurred on 15 October, they are probably capable today of bankrupting not only the Vorkuta mines, but the entire coal branch. As the situation was explained to me at the Rosugol Company, transportation expenses today constitute, in the cost of one ton of coal, 46-50 percent. That means that, with an average distance of coal shipments in Russia of 1200 kilometers, the cost of one shipped ton is equal to 7906 rubles. But if we are speaking about Vorkuta coal, its transportation cost is slightly higher than the average indicator. For example, the cost of one shipped ton from Vorkuta to Cherepovets is 10,000 rubles...

The late payments have currently led the association to what can be mildly called confused relations with the tax services also. It is paradoxical, but as soon as Vorkutaugol credits wages to its workers, the tax inspectorate feels that the worker has already received that money. Then, as is supposed to happen, taxes are also computed and the last remaining crumbs are taken automatically from the enterprise's accounts. But the association has not received any real money, and therefore it has not purchased, say, any new equipment or technologies. But the tax service feels that the enterprise, seemingly from an economizing in the production costs, has been getting a profit. The profit, however, that it gets is exaggerated, but the taxes that the inspectorate collects are real. As a result, the state hands out subsidies with one hand, and with the other hand takes them back in the form of taxes and fines for nonpayment of them.

This is the kind of economizing that occurs. For the inhabitant of Moscow or Tambov, Taganrog, or Saratov, it is probably difficult to understand, just as it is difficult for him to imagine what it means today to live under transpolar conditions, where it is impossible to grow anything edible other than mushrooms, cloudberries, red whortleberries, and great bilberries. And where the only hope is that the wages that were earned will arrive on time. So it is not surprising that, for many miners' families, there sometimes remains nothing to do but to sell items that has taken the families years to acquire—carpets, television sets, adornments. Today many families cannot allow themselves to take a trip to the south. And whereas previously it was practically impossible to get air tickets from Vorkuta and the trains were as jam-packed during the summer as they used to be during the civil war, currently everything is much simpler—there are plenty of tickets, and plenty of empty seats in the railroad cars.

Something which, in and of itself, is very telling is the current correlation of Vorkuta wages to prices: whereas today, at certain mines, the miners earn from 300,000 to 600,000 rubles, those wages, for example, are several times higher than those earned by the workers in the remaining branches.

According to data provided by the city's statistics service, the wages paid to workers and employees who are employed in industry constituted during recent months an average of 180,000 rubles; in construction, 205,000; but in public health, education, and culture the average is much less—respectively 82,000, 76,000, and 58,000 rubles.

But the recent prices in the city's stores are such that (we might recall that the Vorkutans live basically on their wages alone, inasmuch as they do not have their own personal plots or even gardens, because there is nothing but tundra here): a pumpernickel roll costs 280 rubles; a sliced loaf of bread, 400; ten eggs, 875; boiled sausage, 4,000 or more; a liter of milk, 300-400; a liter of vegetable oil, 2500; 100 grams of dill, 100; cabbage, 400 rubles a kilogram; potatoes, 500 or more; and granulated sugar, 1000 or more. One carnation costs 5000 rubles, and one rose 8000-10,000.

Personal services: a haircut, from 3000; hair dyeing, 8000-10,000; hair wave, 10,000-20,000; overcoat dry cleaning, 16,000; putting new heels on shoes, 3500; and more complicated shoe repair, 10,000-15,000.

I think that there is no special need to comment on this.

But, all things considered, people are ready to endure even these woes. Just so that they can maintain their hope for the future.

One of the chief demands of the Vorkuta miners that were made during the recent one-day warning strike is the development of a real social program of guarantees for the workers in the minds that are closing. As everyone knows, within the next few years the government to have 42 mines operating at a loss throughout Russia. Four of them are in Vorkuta. The leadership of the Independent Miners' Union [NPG] feels that, according to the submitted program, the miners may be simply tossed out into the street, inasmuch as, first of all, the program does not define the source of its financing, or where the workers who are laid off will go or where they will live. The first Vorkuta mine to be closed down—Khalmer-10—is located 80 kilometers from the city. And although the total amount of money needed to eliminate the settlement has been determined—in prices of the third quarter of this year it comes to 43 billion rubles—no one, according to the NPG, knows how soon that money will arrive, or where and how to resettle a miners' settlement numbering 5000 persons.

So is there a future? Will it happen? For the time being, something else is evident.

Our Homeland Said, "You Must," But the Pensioner Answered, "No."

There may be a few exceptions, but most pensioners in Vorkuta cannot count on anything in the near future—not only can they not count on resettlement to the "southern" parts of our vast Homeland, but they cannot even count on simply a human existence here beyond the Arctic Circle.

On 1 June of this year a Russian law went into effect—"Guarantees and Compensations to Persons Working and Residing in Rayons of the Far North." The list of such individuals includes, obviously, the Vorkuta pensioners. According to law, those individuals who have worked for the specified period in the North are supposed to receive a 60-percent monetary supplement. But that has not happened. In October the Vorkuta Social Security Department received a telegram from the Russian Ministry of Social Security, in which it was reported that the "Northern" supplement remains only for pensioners having the minimum (17,544) and maximum (52,632 rubles) amounts. The other pensioners—the so-called "middle ones"—have proven to be deprived of this compensation.

That news threw into confusion not only the senior citizens, but also the chief of Vorkuta's Pension Department, Valentina Baturlova, on whom, prior to this, the republic-level chiefs had already made repeated demands demanded that she stop issuing pensions with the supplement "without the appropriate instructions for such action." But what can a real Vorkuta pensioner or disabled person count on today, with this definitely not northern pension? Social security workers who take care of single and elderly persons with disabilities told me that the basic diet of their wards today is potatoes, plus bread and milk. Sometimes the senior citizens even refuse the "mintay" that used to be inexpensive, but which costs 1500 rubles in the city's stores today. And people here have completely forgotten about buying warm items—it is impossible to find felt boots here for less than 15,000 rubles.

According to Valentina Baturlova, the arbitrary interpretation of the Russian Federation law by the officials at Ministry of Social Security is nothing but pure nonsense. The Vorkuta Pensioners Society reacted to that news from Moscow. In a telegram addressed to the president and prime minister of Russia, it was reported that "a system of social relations in which old people cease to be needed by the state is evaluated by them as being antihumanitarian and can lead to unpredictable results." They also stated that they are retaining the right "...also to appeal to the United Nations and to boycott the forthcoming election." Incidentally, certain Vorkuta pensioners expressed a desire to participate in the November hunger strike alongside of the miners. But the miners did not allow them to do that.

Novosibirsk Oblast Soviet Decision on Local Soviet Activity**Oblast Soviet Decision on Activity of Local Soviets***944F0178A Novosibirsk SOVETSKAYA SIBIR
in Russian 15 Oct 93 p 1*

[Resolution of the 20th Session of the Oblast Soviet of People's Deputies of 13 October 1993: "On the Activity of Oblast and Local Soviets of People's Deputies of the Oblast in the Existing Situation"]

[Text] Taking into account the political situation that has developed in the country and in compliance with Edict of President of the Russian Federation B.N. Yeltsin of 9 October 1993 No. 1617 "On Reform of Representative Organs of Power and Organs of Local Self-Government in the Russian Federation," the Novosibirsk Oblast Soviet of People's Deputies has resolved:

1. Guided by Article 2 of the Constitution of the Russian Federation and concerned for preserving manageability of political and socioeconomic processes in the oblast, the oblast soviet of people's deputies, until the formation of representative organs of state power and organs of self-government of the territories of the oblast of the new convocation, shall devote its activity to exercising its authority within the framework of the Constitution and the laws of the Russian Federation and shall devote attention to Edict No. 1617 of the President of the Russian Federation.

It shall be recommended that rayon soviets of the oblast, city soviets, and soviets of people's deputies of cities under oblast jurisdiction do the same.

2. The inner soviet of the oblast soviet of people's deputies and the rayon and city soviets of people's deputies in conjunction with the administration of the oblast and its territories shall participate in preparing for and conducting the elections of deputies of the Federal Assembly of the Russian Federation on 12 December 1993.
3. It shall be deemed necessary to conduct early elections of representative organs of power of the oblast and its administrative-territorial subdivisions simultaneously with the elections to the State Duma and Council of the Federation.

The inner soviet of the oblast soviet of people's deputies, the oblast electoral commission, and the oblast administration shall provide for preparing for and conducting the elections within time periods and in compliance with the normative base established by federal organs.

4. Taking under advisement the discharge of V.P. Mukha from performance of the duties of head of the oblast administration and the appointment of I.I. Indinok as acting chief of the oblast administration, a

proposal shall be addressed to B.N. Yeltsin to conduct elections of the chief of administration of Novosibirsk Oblast.

5. The first part of Point 2 of the Resolution of the Oblast Soviet of People's Deputies of 23 September 1993 "On the Edict of the President of the Russian Federation B.N. Yeltsin of 21 September 1993 'On Stage-by-Stage Constitutional Reform in the Russian Federation,'" Point 3 of said resolution shall be considered effectively invalid in the existing situation.

[Signed] Chairman of the Soviet A. Sychev

Soviet Chairman on Decision on Local Soviets*944F0178B Novosibirsk SOVETSKAYA SIBIR
in Russian 15 Oct 93 p 1*

[Comments by Anatoliy Sychev, chairman of the Novosibirsk Oblast Soviet of People's Deputies, reported by L. Sassa; place and date not given: "Departure? or Forfeiture of Positions? Commentary on the Session's Resolution"]

[Text] And so, the fourth point of the resolution adopted by the oblast soviet deemed the decisions previously adopted at the September session regarding the president's edict on stage-by-stage constitutional reform (non-participation in elections) to be actually invalid. At the same time the deputies assumed that this could be understood incorrectly by their constituents. Does this not mean that a political mistake was made in September? Or, conversely, under the pressure of circumstances, is the oblast soviet forfeiting its positions?

Our correspondent asked the chairman of the oblast soviet, Anatoliy Sychev, to comment on the resolution that was adopted.

Any resolution of the soviet contains two aspects: political assessments of various phenomena and events and practical actions. Either contrary to it or in execution of it. In the first point of our resolution of 23 September we gave an assessment of what had been done by Edict No. 1400. As you heard at that session, the deputies had no doubts about it and there was no need to reevaluate that resolution. That is, the political assessment of this edict remained the same.

Second—the action. On 23 September we adopted a resolution to the effect that organs of power and administration on the territory of Novosibirsk Oblast would not accept for execution the president's edict on stage-by-stage constitutional reform. But the situation has changed drastically today. And this new reality will not change because we leave our first resolution in force. Nor will this new reality change if we are stubborn and, figuratively, continue to sit in our White House. We would not only not be helping people solve the problems that have developed but we could even hamper this. Therefore I am satisfied with the idea that the soviet had

the political wisdom to proceed toward changing part of its resolution. This is also the reason for the wording: "In the existing circumstances to deem invalid..."

Is this a departure or is it not a departure? Yes, naturally, it is a departure. But can this be characterized as the "cowardice" of the soviet? Or, on the contrary, does it show its ability to evaluate the circumstances, weigh everything, and select a new tactic under changed conditions? I think that the oblast soviet displayed political wisdom here.

What is this new tactic? To undertake concrete actions to execute the president's edicts, particularly for participating in the process of preparing for and conducting the elections.

Let us imagine a situation in which the soviet distances itself from this campaign. But the administration will still participate, and it has already begun this work. The people will come—we conducted a sociological poll. Of those questioned, 64 percent said they would participate in the voting. They will vote: and only 25 percent are needed. So then the soviet would be sitting on the sidelines and the people would be passing by it. And should we continue to puff ourselves up and act as though nothing were happening? Dealing with reality is a sign of common sense.

And another thing. Another specific political reaction to the situation that has developed is the soviet's resolution to conduct early elections. Both to the oblast soviet and all the others. Why is this a manifestation of political will? Because we were elected for five years. The voters have not recalled us. Shall we dissolve ourselves? The soviet did not vote for that because it was an unacceptable proposal. The soviet operates within the framework of the Constitution and has in no way compromised itself. But taking into account the conditions that have actually developed, the oblast soviet is taking this political step—to proceed toward early elections. So that we will not be accused of chaining ourselves to our chairs.

Soviet Chairman Report on Activity of Local Soviets

944F0178C Novosibirsk SOVETSKAYA SIBIR
in Russian 15 Oct 93 p 2

[Speech by A.P. Sychev at the 20th Session of the Oblast Soviet of People's Deputies: "On the Activity of the Oblast and Local Soviets of People's Deputies of the Oblast in the Situation That Has Developed"]

[Text] Russia has turned one more tragic page of its history, which has affected all Russians together and each one individually. During a couple of days, mainly in Moscow, a great deal that is important, complicated, tragic, and not yet entirely comprehensible has transpired. The many "why's," "how's," "who's," and other questions will be answered by authorized organs and, we shall hope, by an objective investigation. But most likely only time will give us the most complete answers.

The oblast soviet made its assessments of the essence of what happened at its 19th session in the resolution of 23 September 1993 and in two resolutions of the inner soviet. They were based on the conclusion of the Constitutional Court and coincide with the assessments of the majority of soviets of people's deputies of components of the Federation. And I think we have enough of these assessments for the time being, and now we must think about matters that are coming up.

But the soviet is being urged to override its resolution of 23 September 1993. Many of our deputies think that this cannot be done. There are other opinions as well. And this is natural. The main thing is for the soviet to find the most acceptable solution. Therefore I see our task for today as collectively figuring out how the oblast soviet should act in the near future. Taking into account the resolutions that have been adopted by the oblast soviet, taking into account the changed political situation in the country, and taking into account the edicts of President of the Russian Federation B.N. Yeltsin adopted since 21 September of this year.

Before presenting to the soviet certain considerations about our main task, allow me to inform you of the following.

During the time that has passed since its 19th session the inner soviet has managed to maintain stability in the oblast and has maintained contact with organs for preserving law and order. It has maintained contact with federal organs, labor collectives, political parties, and social organizations and has worked with the administration. Leaders of the soviet and deputies, in spite of certain difficulties, have spoken on television, radio, and in the press. One cannot but note the unusual interest on the part of the foreign media in the events taking place in the country and the oblast these days. The chairman of the oblast soviet alone has had to answer questions from representatives of the press in the United States, Germany, Great Britain, and Japan, the REUTERS agency, the BBC, KYODO TSUSHIN, and others.

I regret to report to you that my journey to Moscow at the invitation of the government during 4-5 October (I travelled with the first deputy chief of the oblast administration, V.N. Kiselev) produced no results. It was suggested that a Council of the Federation be formed, which could resolve at least some of the problems that have arisen in this extremely complicated political situation. In conditions when the country's legislative organ is taking practically no actions and the activity of the Constitutional Court has been suspended, the advisory vote of the Council of the Federation could be heard by both federal organs of executive power and components of the Federation. But nothing was accomplished. And it was not the fault of the leaders of the organs of power and administration of components of the Federation.

The deputies are aware of the situation as of today. All the power in the country is concentrated in the hands of the president and his apparatus, the Government of

Russia. By the president's edicts, elections to the legislative organ of Russia have been scheduled, it has been proposed that the activity of the oblast and local soviets of people's deputies be reformed, and the activity of the majority of local soviets of people's deputies in the oblast has been suspended. All power in the city rayons, rayon centers, towns, and villages has been turned over to the administration. In reality a strict vertical hierarchy of executive power has been established in the country. Naturally, the question arises: How is the oblast soviet to act in the situation that has developed, where should it direct its efforts, how should it react to the resolutions adopted since 21 September of this year? First of all we must decide collectively how to participate in the elections to the country's new legislative organ—the State Duma and the Federal Council, and how to react to B.N. Yeltsin's appeal to the soviets to dissolve themselves.

And so, the first issue—our attitude toward the elections to the State Duma and Federal Council. As long as the soviet of people's deputies and the Supreme Soviet of the Russian Federation were operating, the oblast soviet had no doubts about the correctness of their activity in general. There was no need to elect another legislative organ, as they say, while the legally elected one was "alive and well." But now the situation has changed. The country's legislative organ actually cannot function. The activity of the legislative branch of power has been interrupted and the representative line for exercising the authority of the people as the only bearer of power has been destroyed at the federal level. There is no counterbalance to the executive power, which is inadmissible in a democratic state. We cannot but take this into account and, moreover, we must find a way out of this situation. Last week several conferences were held with the participation of chairmen of permanent commissions of the oblast soviet, a number of deputies, and chairmen of rayon (city) soviets. The majority of them were in favor of participating in the elections and participating in the preparatory work in electoral districts and precincts. At the same time we could not but take into account the attitude of the voters of the oblast toward the forthcoming elections. Our sociological group on 7 October conducted a telephone poll of 880 respondents to the question: "Will you participate in the elections?" The answer from 64 percent was "yes," 12 percent—"no," and 24 percent—"undecided." Taking this into account, I make this suggestion to the deputies of the oblast soviet: The oblast must participate in the work related to preparing for and conducting the elections to the State Duma and Federal Council on 12 December of this year. And I ask you to support this proposal.

If the proposal I have made is accepted by the soviet, it will be necessary to revise point 2 of the resolution of the oblast soviet of 23 September 1993—to deem invalid the first part of the point, worded as follows in the resolution: "Organs of power and administration on the territory of Novosibirsk Oblast shall not accept for execution the Edict of the President of the Russian Federation B.N. Yeltsin of 21 September 1993 No. 1400 'On Stage-by-Stage Constitutional Reform in the Russian Federation.'"

For the information of the deputies, the Central Electoral Commission has suggested marking out on the territory of the oblast the borders of four electoral districts for elections to the State Duma. The oblast administration has done this work and sent its proposals to the Central Electoral Commission.

Because of the president's Edict No. 1617 the possibility of execution and the timeliness of Point 3 of this resolution have been lost and it too should be deemed "invalid." It has to do with granting the inner soviet the right to make suggestions regarding the introduction of a state of emergency and the right to refuse to carry out illegal instructions from federal organs.

A year and a half remains before the end of the term of office for deputies of the oblast soviet as established by law. But the existing situation dictates the need to hold early elections. As for the deputies, I do not think there will be any great problems in adopting such a decision. All we need is a legal basis so that there will be no doubt about the legality of the newly elected organ.

As we know, by Edict No. 1617 of 9 October 1993 "On Reform of Representative Organs of Power and Organs of Local Self-Government in the Russian Federation," President of the Russian Federation B.N. Yeltsin established the main constituent parts of the forthcoming work for reforming representative organs and for early elections to them.

It was established that the oblast organ of representative power would be elected by the population and consist of 15-50 deputies working on a permanent basis. Its name would apparently be determined by the elected deputies themselves.

In keeping with the edict, a federal state commission for questions of reform of organs of representative power and organization of local self-government was formed. The commission was instructed before 15 October to develop and submit to the president of the Russian Federation proposals for organizing new organs of representative power and providing legal support for elections to these organs.

The date for holding the elections and the quantitative composition of the representative organ will finally be decided by the oblast soviet, taking into account recommendations of the federal state commission. But preliminary discussions of this can begin even today. Taking into account the administrative-territorial division of the oblast, it would apparently be expedient to have 45-50 deputies in this organ. And the elections could be conducted simultaneously with the elections to the State Duma (or at another time) if we have the corresponding recommendations and as the legal support is made ready.

As for the content of the work of the oblast soviet during the time remaining until the elections of the new members, in principle it was determined by the president's aforementioned Edict No. 1617. But in practical terms we must determine collegially at today's session how we should proceed from here. Taking into account the soviet's "truncated" authority, I would consider it possible to propose the following: The oblast budget and also, possibly, the prognosis of the economic and social development of the oblast should be considered by all the members, but the other issues, including those related to the elections of the new representative organ, could basically be entrusted to the inner soviet.

And another fundamental issue pertaining to the oblast soviet is the possibility and necessity of dissolving itself. Why must we speak of this?

Attempts to raise this question are nothing new to the soviet. At the last couple of sessions a group of deputies (approximately 20 people) have tried to include on the agenda the question of having the soviet dissolve itself. And without beating around the bush they say that this proposal is not only for them but also for the oblast organization of Democratic Russia. Such a proposal is on the table right now.

An appeal for the soviets to dissolve themselves could also be heard in B.N. Yeltsin's address to the citizens of Russia of 6 October—"...to adopt a worthy and courageous decision to dissolve itself and proceed peacefully, properly."

I do not know how much this appeal pertains specifically to our soviet, but if it does, we cannot accept it for execution without consideration and calm, thorough analysis. What should we think about and what can we not fail to discuss in this case?

In the first place, we need legal grounds and reasons to adopt the corresponding resolution. And we do not have them. The soviet has not violated the Constitution or the laws of the Russian Federation and has not compromised itself in any way. The soviet is doing its work in keeping with the Constitution and laws of the Russian Federation and other normative acts. The fact of self-dissolution in such conditions could easily be interpreted as recognition of some kind of guilt on the part of the soviet, of which there is none, nor has there been any. If anybody sees this in our resolutions of 22 and 23 September related to recent events in the country, in so doing they are merely trying to accuse the soviet of observing constitutional procedure and legality.

The opinion of the voters is important to the soviet in such cases. But the voters have not raised the question of recalling the deputies and suspending the work of the soviet. On the contrary, many have expressed support for the actions of the oblast soviet at a rally in Novosibirsk on 29 September, and also in numerous telegrams, telephone calls, and written statements.

Here are a couple of examples.

The committee of the Dobrota Women's Movement (telephone 22-04-56).

"The blood of many innocent people has been spilled in the country...."

"The Supreme Soviet and the Congress of People's Deputies, which for so long have made concessions to the president, were accused of unconstitutionality and fired at in the building of the Supreme Soviet. That is monstrous. Comrade deputies, we thank you for your adherence to principles and observance of the Constitution and we will not hear of the idea of self-dissolution of our soviets. This would be betrayal of the people and the homeland. All decent people are waiting with a sinking heart for your decision and express great hope in your intelligent minds. We have been simply cut off from correct information."

Galina Yakovlevna Kamayeva, a pensioner, writes that the deputy corps—"...are the only ones who one way or another have protected us who are down and out."

A group of representatives of the public are demanding that self-dissolution not be allowed.

There are letters from Tula Oblast, Belarus, etc. Residents of the oblast are writing as families, groups, and individually.

And, after all, the voters are the people, who are the only bearers of power and who exercise it through representative organs or directly.

Some deputy today might remind us of the collection of signatures from the population at the beginning of this year. We have not forgotten that. But these signatures were collected under completely different circumstances and are hardly applicable to the present day.

In the second place, the leader of the oblast administration has changed. I am not speaking now of the capabilities or any personal qualities of the acting chief of the oblast administration, I.I. Indinok. But in any case a new leader needs help and support. And even with the "truncated" possibilities, retaining only supervisory functions, the oblast soviet can do a lot to help the administration and its leadership. In the complicated political and economic situation that has developed, mutual assistance between the soviet and the administration and pooling of their efforts are a necessary condition for normal functioning of the complex organism of the oblast.

In the third place, with the self-dissolution of the oblast soviet, ties are severed (even if they are methodological and not administrative) with the other 37 rayon and city soviets that are continuing to function. This will be felt especially keenly in connection with the forthcoming elections to the State Duma, the Federal Council, and the local representative organs of power and self-government. Because practically nobody except the soviets has worked on the elections during the past two or three years. The administrative organs do not have

enough practice and they have many additional concerns today. Moreover, all the preelection work will be conducted in extremely short periods of time, and organized actions are more necessary than ever before.

In the fourth place, certain deputies of the oblast soviet, in their own words, are feeling awkward about seeming to become accomplices to unconstitutional and illegal affairs conducted by federal organs of executive power. It is very difficult to discuss this subject at the present time. I think that each of us deputies and the soviet as a whole can, while operating within the framework of the law, continue to perform our deputy duty, above all our duty to those who elected us. And we were elected not for three and a half years but for five years. Others will be elected—and then we will turn our affairs and concerns over to them.

And one more point. If one is to speak of the normal operation of the future representative organ of power in the oblast, it would be correct to transfer to it all of the affairs, as they say, in progress—documents, work premises, equipment, the working apparatus. And how can this be done if we dissolve ourselves? There is no way. Like after a storm, the new deputies would have to begin everything from scratch. Should we strive for this?

As for the deputies who raise the question of self-dissolution, and they are a particular group of radicals who call themselves democrats, this is their business and a matter of their conscience. It is their right to raise the question. Since it is being raised, this is what somebody considers necessary. The soviet has responded to it repeatedly. I hope that even under today's conditions this answer will not change and will be based on a reasonable and well-considered analysis.

Esteemed people's deputies!

You know that by the Decree of President of the Russian Federation B.N. Yeltsin of 6 October 1993 No. 1581 "On the Chief of the Administration of Novosibirsk Oblast," V.P. Mukha was relieved of his duties as chief of the oblast administration and I.I. Indinok was appointed acting chief of the oblast administration. The deputies also know that on 29 September 1993 the inner soviet adopted the resolution "On the Oblast Administration," in the first point of which it is written: "In the event of the signing of the edict on the removal of the chief of the oblast administration, V.P. Mukha, from his duties, this edict shall be deemed legally invalid. The chief of the administration, V.P. Mukha, shall continue his term in keeping with the Constitution and laws of the Russian Federation."

On 6 October V.P. Mukha addressed a request to me: that the oblast soviet not continue the actions aimed at implementing the given resolution and supporting him with respect to exercising the authority of the chief of the administration. V.P. Mukha made a similar statement to journalists at a news conference and the oblast population was informed of it.

The inner soviet discussed this situation yesterday and, taking into account the changes that had transpired and also the request of Vitaliy Petrovich, adopted a decision to consider this point invalid.

I think that much of what I have discussed with respect to the oblast soviet pertains also to the rayon and city soviets, which are continuing to function. It is now also important for them to assess the situation in a balanced way, to determine specific paths of action, and to arrange close interaction with the administration. They should act and not think about self-dissolution, as is being done in certain rayon soviets.

The session is being attended by the majority of chiefs of administrations of rayons and cities. Many of them themselves have gone through the school of work in the soviets. Appealing to you, esteemed colleagues, I am counting on your wisdom, your understanding of the moment, and your desire to find ways of interacting with the soviets which will be to the advantage of the people, to the advantage of the cause. I especially appeal to the chiefs of the administrations—all without exception—regarding those deputies and workers of the apparatus of the soviets whose activity has been terminated. In the first place, these people are guilty of nothing and they must be given good jobs and moral support. In the second place, the majority of them know their work well and could be useful. This pertains especially to conducting the elections to the State Duma and the Federal Council as well as local representative organs of power and self-government. I am counting on the idea that the positive impetus for conducting this work will proceed primarily from I.I. Indinok and the deputy chief and leaders of services of the oblast administration, acting Mayor of Novosibirsk V.A. Tolokonskiy, and all chiefs of administrations of rayons and cities.

Esteemed deputies, unfortunately it is becoming a kind of tradition in Russia that history is written by the volleys of weapons. In 1917 the shot from the aurora was a blank, it was symbolic. In October 1993 the gunfire led to defeat. It is still within our power to do everything necessary so that the Russian belief in the possibility of a democratic system for our society is not shot down. We must not give in to despair when we encounter more violations of the law, the Federation Treaty, and the Constitution coming from Moscow. Our task is to perform our duty to the voters honestly and thoroughly, they are our only judges....

INTERNATIONAL AFFAIRS

Weekly Survey of Currency Exchange Markets

944Q0089A Moscow KOMMERSANT in Russian
No 45, 15 Nov 93 pp 16, 17

[Article by KOMMERSANT-DAILY Foreign Exchange Group: Igor Shaldybin (chief of group), Vyacheslav Sirotkin, Yelena Bazhenova, Yuriy Katsman, and Yegor

Glukharev (telephone/fax 158-69-09), in the "Review of Currency Markets" column: "The Currency Market Has Turned Around"]

[Text] The rate of the dollar on the exchange, which had been declining invariably for more than a month, changed its trajectory last week. To be sure, at the beginning of the week exchange quotations continued to gently decline in Moscow, although at a much slower pace. However, on Thursday quotations returned to the level of the end of last week, and as soon as the next day reached the 1,180 rubles [R] to the dollar mark. Changes in the dynamics of the exchange rate of the dollar were accompanied by an increase in the volume of operations, which peaked on Thursday. Therefore, the growth of exchange quotations became a logical consequence of an increase in the number and activity of banks participating in trading which are now engaging in the active purchasing of foreign exchange funds. In the opinion of observers, the slow upward trend in the exchange rate of the dollar will persist in the immediate future; by the end of this week quotations are quite likely to surmount the 1,190 R/\$ level.

As was expected, the change in the dynamics of the exchange rate of the dollar in Moscow caused some divergence in the operation of regional exchanges. The exchange rate of the dollar on these exchanges fluctuated quite appreciably during the week. In the opinion of observers, the absence of a clearly expressed, definite trajectory for the movement of exchange quotations on regional exchanges is due to the customary orientation of their participants toward changes in trends on the exchange market in the capital city.

Banks Ensured an Increase in the Exchange Rate

The status of trends in the Moscow exchange market in the first half of last week virtually did not differ from the situation that has emerged recently. A gentle decline in the exchange rate continued until Tuesday against the background of low volumes of operation (on 9 November the rate was fixed at the 1,175 R/\$ mark). On the following day there were no changes in exchange quotations. However, a turnaround emerged in the ratio of demand to supply: The growing activity of buyers brought about a volume of orders to buy which exceeded supply, albeit insignificantly.

Wednesday became the day of a turnaround of sorts on the exchange: On that day the activity of banks came to a record level for the last month: The volume of operations reached the \$101.66 million mark, and the gap between demand and supply came to as much as \$6.9 million, which logically brought about an increase of one point in the rate. To be sure, on Friday the activity of participants in the currency market abated somewhat; this appeared quite normal after a sharp upswing in the volume of operations on the previous day. Nonetheless, the growing shortage on the exchange brought about an acceleration in the pace of growth of exchange quotations (on 12 November the difference between demand and supply already came to almost \$10 million, or 22.5

percent). The exchange rate, having risen four points, reached the 1,180 R/\$ mark.

However, changes in the trajectory of the rate movement did not come as a surprise to observers: The first symptoms of a pick-up in demand for currency on the part of the banks were noted as early as the end of the previous week (see the last review of currency markets). At that time, the specialists also indicated the likeliest date for an increase in the rate—9-10 November. Theoretically, exchange quotations could indeed go up as early as Wednesday. However, the small gap between demand and supply was eliminated by the Central Bank quickly and without any particular effort. Nonetheless, the buyer pressure on the currency market could not but lead to changes in the market trend and, accordingly, a rise in the exchange rate of the dollar. In particular, the response of demand to a rise in the exchange rate which was somewhat less flexible compared to the elasticity of supply indicates that this tendency is relatively stable. Incidentally, the fact that these indicators displayed considerable elasticity also goes to prove that by now the internal funds of banks rather than client orders have come to account for a significant proportion of the volume on the exchange; on the eve of the growth of quotations on the exchange, the banks bought up cheaper foreign exchange.

Exporters, who are already beginning to feel certain pressure from yet another "control deadline" for the compulsory sale of foreign exchange proceeds, are also interested in a certain rise in the exchange rate at present. As far as the clients of banks from among importers are concerned, there is every reason to expect an increase in the share of their funds in orders to buy on the exchange in the immediate future. This has to do with the fact that not a whole lot of time remains until 1 January, the date of the introduction of new customs duties for goods imported to Russia (which are considerably higher than those in existence). It is quite reasonable to expect that under the circumstances most importers will try to sign and pay for contracts as soon as possible. To be sure, on the other hand, there are grounds to also expect stepped-up activities of exporting enterprises in the environment of the more liberal export tariffs which have taken effect. However, the growth in demand for foreign exchange in the near future will most likely be able to exceed the increase in supply.

Finally, the aggravation of pre-election struggle is one more factor which, in the opinion of experts of the MMVB [Moscow Interbank Currency Exchange] is capable of exerting a negative pressure on the exchange rate of the ruble. In the opinion of observers, the influence of this factor on trends in the currency market should not be exaggerated, although changes in the economic sphere associated with the current political situation (for example, the relaxation of monetary and credit regulation which is possible on the eve of voting) are certainly capable of playing a certain role. Therefore, at present the resultant vector of all economic and extraeconomic factors points toward a rise in the

exchange rate of the dollar. At any rate, the gentle growth of quotations on the exchange will persist, by all signs, during this week; by the end of the week, the exchange rate of the dollar may very well cross the 1,190 R/\$ line.

The Ranks of National Currencies Are Growing

The reports received late last week concerning the introduction of national currencies by Kazakhstan and Uzbekistan put an end to lengthy discussions concerning the creation of a "new ruble zone" in the form originally proposed. Let us recall that conditions for the provision of ruble-denominated cash, which were attached by Russia at the recently held Russian-Uzbek and Russian-Kazakh negotiations concerning the creation of the "ruble zone of a new type," turned out to be so stringent that rather than agreeing to the Russian demands, Almaty and Tashkent preferred to halt the negotiations and announce the introduction of their own tender (the tenge and the sum-coupon) in the immediate future.

Last week the logical sequel to this story occurred. The Uzbek Government gave the precise date for the introduction of the national currency—Monday 15 November—and announced that this currency will circulate in parallel with the already circulating "old" rubles (with the exception of R5 and R10 bills), as well as the 1993 issue Russian rubles. Although the leadership of Kazakhstan failed to make any official announcement on the introduction of the national currency before the end of the week, the appearance of the Kazakh tenge may be expected within a few days, taking into account an agreement reached at the Kazakh-Uzbek negotiations on putting their own tender in circulation simultaneously.

As far as the states already using national currencies as parallel or the sole legal tender are concerned, at present the local leading organs are primarily concerned with the development of a financial market. Thus, the first trading session for the manat was held at the Interbank Currency Exchange of the Central Bank of Turkmenistan, with rates on the exchange simultaneously becoming the official quotations of the Central Bank of Turkmenistan. From the mark of 500 R/manat and 2 manats/\$, which was established two weeks ago when the manat was put in circulation, the exchange rate of the manat rose to 595 R/manat and 1.98 manats/\$. Moldova also intends to implement a similar procedure shortly: This republic is planning to switch entirely to the circulation of its own currency, the leu, during November. (At present, the leu, the coupon, and "old" rubles in denominations of up to R100 inclusive circulate in the republic in the cash form, and the Moldovan ruble circulates in the noncash form.) The official exchange rate of the Moldovan ruble is expected to be set on the basis of the results of trading sessions on the Moldova currency exchange effective 16 November.

One more potential participant in the "ruble zone," Belarus, is also currently taking similar measures aimed at making a transition to a single-currency system. According to a decision of the National Bank of Belarus,

the settlement bill (the Belarusian "rabbit") will become the sole legal tender on the territory of the republic effective Monday. In this instance, the National Bank of Belarus has not made any official statements concerning the official ratio of the Russian ruble and the "rabbit." However, specialists believe that it will most likely be established on the basis of noncash quotations.

However, such a decision of the National Bank of Belarus did not become a legal novelty but merely reaffirmed legally the situation that has come to exist on the domestic financial market. In essence, the settlement bill has been the sole legal tender on the territory of Belarus for quite a long time now: Despite the rapid devaluation of the Belarusian ruble, the official ratio of the Russian ruble to the "rabbit," which was used for ruble-denominated payments for goods and services provided by state structures, came until recently to 0.1 rabbits/R, whereas market quotations have already reached the mark of 0.35-0.45 rabbits/R. Accordingly, the ruble, as a more expensive currency, was virtually completely crowded out of the market as tender.

Foreign Exchange Cash Has Begun To Get More Expensive

The beginning of last week did not foreshadow any radical changes in the situation which had emerged on the cash sales market in Moscow during the last days of last month and the beginning of this month. Foreign exchange quotations given by retail and small-wholesale black market traders stood at the mark of 1,180 R/\$ for purchases and 1,190 R/\$ for sales, having remained virtually unchanged compared to the level at the end of the first week of November. In subsequent days, insignificant fluctuations in the rate of the dollar on the exchange went virtually unnoticed by both black market currency traders and their permanent clients. As a result, the black market exchange rate of the dollar in Moscow remained at the unchanged mark virtually until the end of the week, fluctuating within the range of no more than five points daily. Changes in quotations given by wholesale traders, who during the week kept the exchange rate at the marks of 1,185 R/\$ for purchases and 1,190 R/\$ for sales, were even less appreciable.

The state of equilibrium in the market was upset by the growth of exchange quotations during the Friday MMVB trading session. In the process, unlike many bankers who had long expected a new round of growth in the rate on the exchange and responded to it immediately by raising exchange quotations, a majority of currency traders continued to operate at old exchange rates during the first half of the day. However, by evening the growth of bank quotations and a certain pick-up in demand for foreign exchange cash triggered by it caused the exchange rate of the dollar given by retail and small-wholesale black market traders to rise by 10-15 points. Following this, black market quotations at principal locations for currency exchange operations came to 1,190-1,195 R/\$ for purchases and 1,200-1,205 R/\$ for sales.

Last week the average weighted exchange rate of the dollar at the exchange centers of banks went up six to eight points, and came to 1,170 R/\$ for purchases and 1,205 R/\$ for sales on Friday. Bank quotations began to grow at some exchange centers as early as the days following the weekend, exceeding the level as of the end of the previous week by four to five points. On Monday and Tuesday, changes in the dynamics of the exchange rate of the dollar at banks toward an increase were caused by commercial banks discontinuing the importation of foreign exchange cash from their accounts abroad over the weekend. Bankers estimate that by now the amounts of foreign exchange cash imported from the accounts of foreign banks abroad and intended for further sale through exchange centers account for more than one-third of the total daily volume of foreign exchange cash consumed by the Moscow market. In turn, during the last month the margin between the buying and selling rates of currencies, as well as the difference between cash and noncash quotations, were insignificant, which brought about the emergence of a certain shortage of foreign exchange cash and, correspondingly, the growth of quotations at a number of banks.

A sharp reduction in the rate of profit on currency exchange operations in the last month has redirected the attention of currency traders to other areas of activity in the sphere of foreign exchange operations (bank employees estimate that at present this rate does not exceed 40 percent, whereas a few months ago profits on currency exchange operations exceeded 200 percent). Speculations involving the exploitation of differences in conversion rates (rates for recalculation from one currency into another) at various Russian and foreign banks, as well as understated or overstated (depending on the direction) recalculation rates established at trade outlets, have become attractive, especially recently. Thus, conversion rates have not been changed for more than a year now at a number of foreign exchange stores in Moscow which take payment in several freely convertible currencies (for example, the Rifle store). Operations based on exchanging dollars into, for example, Italian lire at one of the banks with the highest conversion rates and subsequently buying merchandise with the lire and further reselling it may yield profits of up to 30 percent.

Having returned to its previous level for just one day on Wednesday, the weighted average bank rate of the dollar began to grow again. In the latter half of the week yet another factor influenced its growth—a change in the dynamics of exchange quotations. Most banks responded to it as late as Friday. Consequently the exchange rate of the dollar for purchases and sales at a number of exchange centers went up 10 to 20 points. As a result, the state of equilibrium between the demand and supply of foreign exchange funds at exchange centers

which was noted by observers in the first half of November was disrupted toward the end of the week in favor of growing demand.

As specialists estimate, the leveling of quotations within the city will be characteristic of the situation on the market of cash sales in Moscow in the immediate future. The range of such quotations has increased noticeably as a result of uneven increases in the rate at individual locations for trade. The dynamics of cash quotations will most likely continue to closely correlate with changes in the rate of the dollar on the exchange.

Last week another event occurred which made it possible for the management of exchange centers to breathe easy: The procuracy of Moscow protested the actions of militia functionaries and the prefect of the Central Administrative District involving the closure of exchange centers located on the territory of the Central Administrative District. The procuracy suggested that the chief of the Internal Affairs Administration of the Central District discontinue the conduct of all operations aimed at the elimination of activities of the exchange centers of banks that hold foreign exchange licenses from the Central Bank. As is known, the closure of a number of centers for up to a month, as well as the removal of their exchange outlets by banks to other districts, were the consequences of such actions by the militia and the prefecture.

In the last issue we offered to our readers current information on the results of trading at the main centers for currency exchange operations on the territory of the former USSR, which was divided into two blocks. Let us briefly recall what each of the blocks amounted to. The first block (Chart 1) contained information on the dynamics of the exchange quotations of the dollar, Deutsche mark, and Finnish markka in trading on the Russian currency exchanges. The exchange rates of the Deutsche mark and Finnish markka were converted into dollars in keeping with their official quotations by the Central Bank of Russia. The second block (Chart 2) represented the results of trading sessions on the currency exchanges of the republics of the former USSR which were effected on three patterns: "Russian ruble-dollar," "national currency-dollar," and "national currency-Deutsche mark." In the two latter cases, the results of trading sessions were presented in the form of cross-rates of the ruble and the dollar calculated in keeping with the current quotations of the ruble and the dollar (the Deutsche mark) against the national currency of the republic in question. In addition, the official quotations of the dollar and the mark by the Bank of Russia were used to calculate the cross-rate on the basis of results in "national currency-Deutsche mark" trading. The information provided an opportunity to evaluate the effectiveness of possible arbitrage transactions within the framework of each specific day of the week and to subsequently define the sphere of one's interests.

Dynamics of Exchange Quotations at Foreign Exchange Trading Sessions

	Date	Value of the rate of exchange	Changes in the exchange rate compared to the previous trading session	Volume of sales
1. Moscow Interbank Currency Exchange, Moscow, Russia	8 November*	1,176	-	\$41.99 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	8 November*	1,177	+4	\$1.1 million
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	8 November*	1,171	-	\$0.1 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	8 November**	1,166	+1	DM2.5 million (690 R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	9 November*	1,175	-1	\$44.51 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	9 November*	1,178	-2	\$4.3 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	9 November*	1,172	-5	\$3.29 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	9 November**	1,174	+8	DM3.04 million (695 R/DM)
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	9 November**	1,184	+2	DM0.471 (701 R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	10 November*	1,175	-	\$62.64 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	10 November*	1,183	+5	\$5.84 million
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	10 November*	1,169	-1	\$3.27 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	10 November*	1,182	+10	\$2.52 million
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	10 November*	1,170	-1	\$5.35 million
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	10 November*	1,173	-2	\$0.59 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	10 November**	1,170	-4	DM3.07 million (695 R/DM)
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	10 November**	1,158	-1	DM0.84 million (688 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	10 November**	1,163	-19	DM0.634 million (691 R/DM)
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	10 November**	1,201	+159	DM0.53 (713 R/DM)
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	10 November****	1,175	+2	¥ 32.0 million (R108.5, based on the rate in rubles per ¥10)
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	10 November***	1,182	-1	1.607 million Finnish markka (206 R/Finnish markka)
1. Moscow Interbank Currency Exchange, Moscow, Russia	11 November*	1,176	+1	\$101.17 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	11 November*	1,180	-3	\$7.09 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	11 November*	1,170	-12	\$5.3 million

Dynamics of Exchange Quotations at Foreign Exchange Trading Sessions (Continued)

	Date	Value of the rate of exchange	Changes in the exchange rate compared to the previous trading session	Volume of sales
1. Moscow Interbank Currency Exchange, Moscow, Russia	11 November **	1,172	+2	DM3.1 million (696 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	11 November **	1,176	+13	DM0.24 million (690 R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	12 November *	1,180	+4	\$49.13 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	12 November *	1,180	-	\$5.9 million
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	12 November *	1,173	+4	\$4.6 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	12 November *	1,176	+6	\$3.847 million
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	12 November *	1,171	+1	\$6.11 million
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	12 November *	1,173	-	\$0.478 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	12 November **	1,177	+5	DM3.75 million (697 R/DM)
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	12 November **	1,180	-4	DM1.341 million (699 R/DM)
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	12 November **	1,168	+10	DM0.6 million (692 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	12 November **	1,163	-13	DM0.056 million (689 R/DM)
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	12 November **	1,156	-45	DM0.019 million (685 R/DM)
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	12 November ****	1,171	-4	¥63.0 million (R109.5, based on the rate in rubles per ¥10)

* Trading sessions held for the U.S. dollar

** Trading sessions held for the Deutsche mark. The current official quotations of the dollar and the Deutsche mark by the Central Bank of Russia were used to calculate the exchange rate of the dollar

*** Trading sessions held for the Finnish markka. The current official quotations of the dollar and the Finnish markka by the Central Bank of Russia were used to calculate the exchange rate of the dollar

**** Trading sessions held for the Japanese yen. The current official quotations of the dollar and the Japanese yen by the Central Bank of Russia were used to calculate the exchange rate of the dollar

	Buying rate	Selling rate
Russian ruble ** 1,176 (-1)		
English pound sterling	0.6761(0)	0.6765(-0.0001)
Belgian franc	36.26(-0.04)	36.30(-0.04)
Dutch guilder	1.9052(-0.0002)	1.9062(-0.0002)
Danish krone	6.755(-0.0043)	6.765(-0.0043)
Italian lira	1,661.3(+19.7)	1,662.8(+19.7)
Canadian dollar	1.3103(+0.0175)	1.3113(+0.0175)
Deutsche mark	1.6972(-0.0006)	1.6982(-0.0006)
Norwegian krone	7.375(+0.0155)	7.385(+0.0155)
Finnish markka	5.76(0)	5.80(0)
French franc	5.899(-0.0035)	5.909(-0.0035)
Swedish krona	8.2462(+0.0908)	8.2466(+0.0891)
Swiss franc	1.5023(-0.0017)	1.5033(-0.0017)
Japanese yen	106.45(-1.75)	106.55(-1.70)
ECU ***	1.1301(+0.001)	

* The exchange rate of the dollar against national currencies on the basis of data from the REUTERS agency as of 12 November

** Official exchange rate of the Central Bank of Russia

*** Dollars per ECU

Changes compared to 5 November are given in parentheses.

Weekly Survey of Currency Exchange Markets

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[Article by KOMMERSANT-DAILY Foreign Exchange Group: Igor Shaldybin (chief of group), Vyacheslav Sirotkin, Yelena Bazhenova, Yuriy Katsman, and Yegor Glukharev (telephone/fax 158-69-09), in the "Currency Markets" column: "The Exchange Rate Has Begun To Grow Faster"]

[Text] Last week saw substantial corrections in the development of the situation on the currency exchange market. First, the rate of growth of quotations picked up appreciably: During the week the total increase in the exchange rate of the dollar on the Moscow currency exchange came to 23 points; as a result, the week ended on the exchange at the mark of 1,203 rubles [R] to the dollar. Second, virtually throughout the week the volume of operations was in the vicinity of \$100 million per trading session, which greatly exceeded the average level for the month. At the same time, the high volume of sales against the background of the continuous growth of the rate is capable of bringing about a rapid overheating of the market. This is why the volume of operations will most likely fall somewhat, whereas the growth of exchange quotations should be gentler.

Last week the situation on regional currency markets developed on the whole similarly to that in Moscow. To be sure, by the end of the week the range between the quotations of different exchanges had increased perceptibly. For example, the exchange rate of the dollar in St. Petersburg reached the 1,215 R/\$ mark on Friday,

whereas quotations in Novosibirsk stood at 1,199 R/\$. In the opinion of observers, this situation reflects regional differences in the resource potential of the market. In particular, it graphically illustrates the ruble deficit which the banks of the eastern regions of Russia are beginning to experience.

The Banks Brought the Exchange Rate of the Dollar to a New Level

The beginning of last week on the Moscow currency exchange market was marked by a sharp pick-up in the activity of its participants, primarily buyers of foreign exchange funds. During virtually the entire week the demand for foreign exchange exceeded the \$100 million mark and was marked by quite low elasticity. This testifies to the "bullish" mood of the bulk of the clientele of the exchange.

This abrupt change in the array of forces in the market brought about a growth of the gap between demand and supply and correspondingly acceleration of the growth of the exchange rate of the dollar at the beginning of the week. On Monday, Tuesday, and Wednesday exchange quotations went up five, nine, and seven points, respectively, reaching the 1,201 R/\$ mark by the middle of the week. However, beginning on Thursday the velocity of the rise in the rate of exchange fell noticeably: On 18 November the exchange rate of the dollar came to 1,203 R/\$, and on the following day exchange quotations did not change at all. Moreover, on Friday the supply of currency already exceeded demand.

However, this development of the situation does not appear to have been unexpected. As specialists had

expected, the abruptly soaring demand at the beginning of the week and its inflexible response to the rise in the exchange rate brought about temporary depletion of the ruble potential of banks. In addition to other things, limits of open currency positions also hang over the banks. As a result, demand declined on Friday, as fast as it had grown at the beginning of the week. On the contrary, a gentle increase in the elasticity of supply during the week was characteristic of a more flexible response on the part of sellers of foreign exchange and preserved their leeway. In addition, the Central Bank became actively involved in the game on the exchange. Due to its currency interventions (as a rule, hidden, that is, carried out through "authorized" banks), the Central Bank accomplished the task of restricting the fluctuations of exchange quotations.

Nonetheless, the curtailment of the growth of the exchange rate by the end of the week did not change its general trend. Observers believe that in the immediate future the growth of quotations on the Moscow exchange market will persist. However, the pace of the growth of the exchange rate will most likely slow down somewhat. It is also possible that the dynamics of the exchange rate will become those of the growth of a more pronounced "step-by-step" nature, beginning this week. In all likelihood the volume on the exchange will decline, too, otherwise the currency market would be threatened with overheating as a result of rapid resource depletion.

The above applies equally (or perhaps to a much greater degree) to the regional currency market, especially its "eastern segment." In particular, as local observers testify, the banks of Novosibirsk are already beginning to experience a certain shortage of ruble resources, which is being amplified in the year end environment. In particular, this was the explanation for the excess of the supply of foreign exchange over demand on the Siberian Interbank Currency Exchange which was characteristic of last week. The fact that, despite this ratio of indicators, the quotations of the dollar in Novosibirsk still increased is explained only by the mechanics of the holding of trading sessions. The initial rate on the Siberian Interbank Currency Exchange is set at the level of the previous trading session in Moscow. Although quotations of the dollar declined during the session for the above reasons, the growth of the rate in Moscow maintained the appearance of an increase in Novosibirsk, too.

The Ruble Zone of a New Type: Russia Plus Tajikistan

Last week became decisive on many scores for the monetary systems of Kazakhstan, Uzbekistan, Armenia, and Moldova. On Monday 15 November the exchange of old rubles issued 1961 through 1992 into tenge, the national currency of the republic, began in Kazakhstan. The tenge is being introduced in both cash and noncash circulation. The exchange rate of old cash and Kazakh noncash rubles against the tenge was set at the level of 500 R/tenge. A monetary unit corresponding to one-hundredth of the tenge, the *tyyn*, was also introduced.

In general, the procedure of currency introduction itself occurred under a scenario resembling the situation with the introduction of the Kyrgyz som: The volume of tenge introduced into circulation was restricted, which immediately brought about the growth of its exchange rate. In particular, the supply of dollars exceeded demand in trading on the currency exchange of the Republic of Kazakhstan on Friday, and the exchange rate of the tenge increased from 4.74 to 4.68 tenge/\$. At the same time, the exchange rate of the Russian ruble on the interbank exchange market of Kazakhstan continued to fluctuate around the 250 R/tenge mark (an exchange trading session for the Russian ruble is scheduled for Tuesday 23 November). At the same time, the low export potential of Kazakhstan (compared to Russia), the large debt of Kazakh enterprises to Russian enterprises, and, correspondingly, the high demand for Russian rubles may soon bring about a decline in the quotations of the tenge against both the ruble and the dollar. Let us recall that events developed precisely in this manner in Kyrgyzstan—som quotations grew for a month, and then declined considerably. Since the beginning of the monetary reform in Kyrgyzstan the exchange rate of the dollar increased by a factor of two and currently ranges between 8.1-8.3 soms/\$.

Simultaneously with the Kazakh monetary reform, a similar event occurred in Uzbekistan. On 15 November the sum-coupon—a parallel tender accepted along with the "old" rubles (with the exception of R5,000 and R10,000 bills issued in 1992) and "new" rubles—was introduced into circulation there. The ratio of the sum-coupon and the Russian ruble was set at the level of 1:1. The Uzbek ruble remains in noncash circulation in Uzbekistan. Its market quotations at present stand at the level of 1.8-2.5 Uzbek rubles/R. The currency exchange of the republic does not hold trading sessions for foreign exchange because of lack of supply and specializes in auctioning credit resources.

The reform undertaken by Kazakhstan was implemented under the "Kyrgyz" and, in part, "Turkmen" scenario, whereas the situation existing at present in the monetary market of Uzbekistan is rather reminiscent of the "Belarusian" version. Noncash circulation in the republic will continue to be built on a single-currency foundation (the Uzbek ruble), whereas cash circulation will be built on using three currencies: Soviet and Russian rubles, as well as the sum-coupon. The genuine quotations of the sum-coupon will most likely replicate the fate of the settlement bill of the National Bank of Belarus, which also was parallel tender. Let us recall that the market exchange rate of the Russian ruble against the settlement bill exceeds the official level by a factor of three to four at present. As a result, Russian rubles have virtually disappeared from cash circulation in the republic, following which the Bank of Belarus proclaimed the settlement bill to be the sole legal tender on the territory of the state.

The introduction of their own currencies by Kazakhstan and Uzbekistan dealt a heavy blow to the idea of the

existence of a unified ruble space. The decision of the Government of Armenia to introduce into circulation an Armenian currency, the dram, which followed this altogether buried the very concept of the ruble zone. On 19 November a mechanism for introducing the dram was set forth by a decree of the Government of Armenia. The rate for the exchange of "old" rubles into drams was set at the level of 200 R/dram; amounts not exceeding R50,000 will be exchanged. The new currency will also be introduced into noncash circulation, whereas the denominations of bills issued between 1961 and 1992 up to R500 inclusive will remain in cash circulation.

Therefore, Tajikistan remains the only republic of the former USSR which continues to use solely the "old" rubles. By all signs, the scenario of creating a currency union with the quotations of the national currencies tied to the Russian ruble will be implemented under the circumstances. However, for a union to be actually possible in any form, many republics will have to take significant measures to strengthen their monetary units and fine-tune their domestic monetary systems.

Moldova will begin a switch to a single-currency system on 22 November, in parallel with Armenia. From this day on, the Moldovan leu will become the sole legal tender in monetary circulation within the republic. Let us recall that at present, the leu (bills of the 5 lei denomination), the coupon (the quotations of the coupon and the leu are fixed at the rate of 1,000:1), and the "old" ruble bills in denominations of up to R100 inclusive are found in the cash circulation of Moldova, and the Moldovan ruble—in noncash circulation.

Many republics of the former USSR are now increasingly concerned about introducing national currencies and perfecting their financial structure, whereas Ukraine has somewhat different problems at present: to keep the rapidly falling karbovanets at a marginally acceptable level and tune up its domestic monetary market. In particular, the breakdown of denominations in the money supply of Ukraine no longer reflects the high rate of inflation. In conjunction with this, the National Bank of the republic circulated bills of the 100,000 karbovantsy denomination last week.

As far as the drop in exchange quotations of the karbovanets is concerned, the Government of Ukraine "solved" this problem in an even simpler manner by closing down the Ukrainian Interbank Currency Exchange. The issue of closing it down arose as early as the beginning of this month. On 4 November, a KOMMERSANT correspondent who called the National Bank of Ukraine was told that trading on the currency exchange had been canceled. In turn, this information was resolutely refuted by the exchange itself, which provided by way of proof the results of the exchange trading session held precisely that day.

However, where there is smoke there is a fire, and the trading session on 4 November became the last one before a long pause. On 9 November a trading session on

the exchange was in fact not held. There were no other changes in the key parameters of the Ukrainian currency system: Exporters are still forced to sell 50 percent of foreign exchange at a fixed rate, and the official quotations of the karbovanets remained unchanged. At the same time, the National Bank strongly urged that commercial banks effect foreign exchange operations at a rate not exceeding 6,980 karbovantsy/\$. Transgressors were threatened with stiff sanctions. Meanwhile, rumors circulate in the corridors of government concerning the possible introduction of the hryvnya in place of the karbovanets. According to KOMMERSANT information, hryvnias have already been printed and are in storage at the National Bank of Ukraine.

Central Bank Has Shown Concern for the Clients of Exchange Centers

As was to be expected, a substantial acceleration in the rate of growth of exchange quotations triggered an upsurge in demand for foreign exchange cash by the bulk of the clientele of the black market and bank exchange centers. As a result, the exchange rate of the dollar used by black market currency traders increased at the beginning of last week by 15-20 points on average and came to 1,215 R/\$ for purchases and 1,240 R/\$ for sales at the main locations for currency exchange operations.

In subsequent days, foreign exchange quotations on the Moscow black market continued to increase evenly by five to 10 points a day. In the process, observers have been noting signs of the restoration of the lost equilibrium from as early as the middle of last week, despite the unceasing growth of the exchange rate of the dollar. First of all, this was manifested in the evening out of exchange rates at various points of currency trading; the difference between them at the beginning of the second 10-day period of November became substantial and opened up an opportunity for effective speculative operations. A systematic reduction of the margin between the buying and selling exchange rates of the dollar used by retail traders may also testify to the gradual restoration of equilibrium. By the end of the week, the exchange rate of the dollar on the black market in Moscow increased virtually at the same rate, by five to 10 points a day on average. At the same time, the exchange rate of the dollar used by retail and currency traders continued to increase by momentum even after the growth of quotations on the exchange stopped, and by the end of the week reached the mark of 1,250 R/\$ for purchases and 1,260 R/\$ for sales.

The average weighted exchange rate of the dollar at the bank centers of Moscow went up 42 points for purchases and 56 points for sales last week, coming on Friday to 1,212 R/\$ and 1,261 R/\$, respectively. Last week, the discontinuation of the importation of foreign exchange cash withdrawn from accounts at foreign banks became one of the reasons for the substantial growth (by 50 points) of the dollar quotations at exchange centers in the days following the weekend. As a result of this, the margin between the buying and selling rates increased to

8-10 percent. In subsequent days, this difference slowly diminished, and by the week's end came to 2-3 percent, which has been customary recently, at most banks.

However, by the end of the week observers noted isolated cases of reductions in cash quotations by banks which, in all likelihood, were due to a faster response by some bankers to the slowdown in the pace of growth of the rate on the exchange. As a result, the range of quotations of various Moscow banks increased: Dollars were bought for 1,180-1,245 R/\$, and sold for 1,235-1,285 R/\$. In this way, conditions for engaging in currency speculation turned out to be quite favorable by the end of the week.

The gap between cash and noncash quotations of the dollar, which widened to 3-6 percent last week compared to 0.6-0.8 percent in October, substantially invigorated the activity of bankers in effecting speculative operations based on the difference in these rates. Taking into account the fact that recently an increasing number of banks have effected settlements for transactions on the exchange within one banking day, speculators run virtually no risk of suffering losses because of unexpected changes in either the rate on the exchange or the rate on the cash market.

There was one more novelty. No sooner had bankers recovered after an action to close down a number of exchange centers carried out by the Central Prefecture and UVD [Internal Affairs Administration] organs than the Moscow Administration of the Central Bank of Russia announced a new inspection last week. However, this time the selective inspection of the exchange centers

of banks and foreign exchange stores to verify compliance by them with the rules for operation with foreign exchange cash established by the Central Bank (in particular, obligating them to exchange and accept as payment brittle dollar bills) was clearly aimed at protecting the interests of clients. It appears that certain favorable changes have already been accomplished. Thus, the All-Russian Exchange Bank, which has 360 currency exchange outlets, in an internal letter obligated its centers to strictly comply with all instructions of the Central Bank. The All-Russian Foreign Exchange Bank threatened the management of the centers with otherwise canceling contracts for performing currency exchange operations under its banking license.

The rapid introduction of national currencies by the republics of the former USSR, which until quite recently had not even thought about giving up the ruble as tender, is causing a great deal of unpleasantness for local currency traders. Thus, following the report on the introduction of a national currency in Armenia, the exchange rate of the dollar on the local black market trended up at an unprecedented speed. The exchange rate of the dollar paid for in "old" rubles stood at the mark of 25,000-30,000 R/\$ on the black market of Yerevan Friday morning. Toward the end of the day quotations increased to the level of 35,000-40,000 R/\$. In all likelihood, the population of the republic came to believe in the reliability of the dram, the currency being introduced, to such a degree that this led to a fall of the "new" Russian rubles, too: The exchange rate of the dollar against the Russian ruble came to 1,450-1,500 R/\$.

Dynamics of Exchange Quotations at Foreign Exchange Trading Sessions

	Date	Value of the rate of exchange	Changes in the exchange rate compared to the previous trading session	Volume of sales
1. Moscow Interbank Currency Exchange, Moscow, Russia	15 November *	1,185	+5	\$97.4 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	15 November *	1,187	+7	\$5.66 million
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	15 November *	1,184	+11	\$4.25 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	15 November *	1,176	-	\$2.09 million
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	15 November *	1,183	+12	\$3.244 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	15 November **	1,190	+13	DM2.38 million (705 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	15 November **	1,158	-5	DM0.15 million (686 R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	16 November *	1,194	+9	\$99.2 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	16 November *	1,197	+10	\$10.01 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	16 November *	1,190	+14	\$2.215 million

Dynamics of Exchange Quotations at Foreign Exchange Trading Sessions (Continued)

	Date	Value of the rate of exchange	Changes in the exchange rate compared to the previous trading session	Volume of sales
1. Moscow Interbank Currency Exchange, Moscow, Russia	16 November**	1,188	-2	DM3.23 million (704 R/DM)
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	16 November**	1,209	+29	DM0.76 million (716 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	16 November**	1,182	+24	DM0.496 million (700 R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	17 November*	1,201	+7	\$99.5 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	17 November*	1,205	+8	\$11.86 million
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	17 November*	1,192	+8	\$6.56 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	17 November*	1,194	+4	\$2.831 million
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	17 November*	1,192	+19	\$0.47 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	17 November**	1,197	+9	DM4.63 million (707 R/DM)
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	17 November**	1,194	+26	DM0.60 million (705 R/DM)
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	17 November**	1,160	+4	DM0.10 million (685 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	17 November**	1,194	+12	DM0.10 million (705 R/DM)
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	17 November***	1,224	+42	1.68 million Finnish markka (209 R/Finnish markka)
1. Moscow Interbank Currency Exchange, Moscow, Russia	18 November*	1,203	+2	\$115.28 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	18 November*	1,210	+5	\$9.97 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	18 November*	1,199	+5	\$4.098 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	18 November**	1,190	-7	DM2.78 million (702.5 R/DM)
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	18 November**	1,194	-	DM0.42 million (7.5 [as published] R/DM)
1. Moscow Interbank Currency Exchange, Moscow, Russia	19 November*	1,203	-	\$79.09 million
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	19 November*	1,215	+5	\$6.09 million
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	19 November*	1,208	+16	\$3.30 million
4. Siberian Interbank Currency Exchange, Novosibirsk, Russia	19 November*	1,199	-	\$1.483 million
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	19 November*	1,200	+17	\$4.158 million
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	19 November*	1,205	+13	\$0.608 million
1. Moscow Interbank Currency Exchange, Moscow, Russia	19 November**	1,202	+12	DM6.21 million (704 R/DM)

Dynamics of Exchange Quotations at Foreign Exchange Trading Sessions (Continued)

	Date	Value of the rate of exchange	Changes in the exchange rate compared to the previous trading session	Volume of sales
2. Currency Exchange of St. Petersburg, St. Petersburg, Russia	19 November**	1,224	+15	DM1,539 million (717 R/DM)
3. Urals Regional Currency Exchange, Yekaterinburg, Russia	19 November**	1,224	+30	DM0.87 million (717 R/DM)
6. Rostov Interbank Currency Exchange, Rostov-on-Don, Russia	19 November**	1,195	+35	DM0.132 million (700 R/DM)
5. Asian and Pacific Interbank Currency Exchange, Vladivostok, Russia	19 November****	1,198	+27	¥1.00 million (R112, based on the rate in rubles per ¥10)

* Trading sessions held for the U.S. dollar

** Trading sessions held for the Deutsche mark. The current official quotations of the dollar and the Deutsche mark by the Central Bank of Russia were used to calculate the exchange rate of the dollar

*** Trading sessions held for the Finnish markka. The current official quotations of the dollar and the Finnish markka by the Central Bank of Russia were used to calculate the exchange rate of the dollar

**** Trading sessions held for the Japanese yen. The current official quotations of the dollar and the Japanese yen by the Central Bank of Russia were used to calculate the exchange rate of the dollar

Current information on the status of the currency market on the territory of the former USSR is divided into two blocks. The first block (Chart 1) contains information on the dynamics of the exchange quotations of the dollar, the Deutsche mark, and the Finnish markka in trading on the Russian currency exchanges. The second block (Chart 2) represents the results of trading sessions on the currency exchanges of the republics of the former USSR which were effected on the patterns "Russian ruble—dollar," "national currency—dollar," and "national currency—Deutsche mark." The results of the trading sessions are presented in the form of cross-rates of the ruble and the dollar calculated in keeping with the current quotations of the ruble and the dollar (the Deutsche mark) against the national currency of the republic in question. In addition, the chart provides the cross-rates of the Russian ruble against the dollar calculated on the basis of noncash

quotations of the dollar against the national currencies established by the national banks of the republics for local commercial banks, as well as noncash quotations on the interbank currency market in the republics (in the process, the exchange rate was calculated on the basis of quotations used by one of the structures holding a leading position in this segment of the market). In addition, quotations on the exchange and the official exchange rates of the dollar and the mark of the Bank of Russia were used to calculate the cross-rate on the basis of the results in "national currency—Deutsche mark" trading

The information provided presents an opportunity to evaluate the effectiveness of possible arbitrage transactions within the framework of each specific day of the week and subsequently define the sphere of one's interests in this area in line with the availability of partners in a particular region (for more details, see KOMMERSANT No. 44).

Cross-Rates of the Russian Ruble Against the Dollar in National Currency Markets

Bank/Exchange	Date	Trading pattern	Value of the ruble rate/cross-rate	Exchange rate of the national currency
1. Pareks-Bank trading session (Riga, Latvia)	15 November	national currency-dollar	1,220***	0.61 lats/\$
1. Pareks-Bank trading session (Riga, Latvia)	15 November	ruble-dollar	1,207	
2. Tallinn International Stock Exchange (Tallinn, Estonia)	15 November	ruble-dollar	1,215	
3. Turkmen Interbank Currency Exchange (Ashgabat, Turkmenistan)	15 November	national currency-dollar	1,180**	1.97 manats/\$
4. Rate for the sale of noncash foreign exchange of the Bank of Latvia (Riga, Latvia)	15 November	national currency—dollar	1,170**	0.6082 lats/\$
5. Interbank Currency Exchange Moldova (Chisinau, Moldova)	16 November	national currency—dollar	1,664**	4,160 Moldovan rubles/\$

Cross-Rates of the Russian Ruble Against the Dollar in National Currency Markets (Continued)

Bank/Exchange	Date	Trading pattern	Value of the ruble rate/ cross-rate	Exchange rate of the national currency
6. Interbank Currency Exchange of the Republic of Belarus (Minsk, Belarus)	16 November	national currency— dollar	1,391 ^{***}	5,705 Belarusian rubles/\$
6. Interbank Currency Exchange of the Republic of Belarus (Minsk, Belarus)	16 November	national currency— Deutsche mark	1,373 ^{***}	3,325 Belarusian rubles/DM
7. Interbank Currency Exchange of Bank of Lithuania (Vilnius, Lithuania)	16 November	national currency— dollar	1,194 ^{**}	3.94 lits/\$
8. Estonian Exchange (Tallinn, Estonia)	17 November	ruble—dollar	1,209	
9. Currency auction of the National Bank of Kyrgyzstan (Bishkek, Kyrgyzstan)	17 November	national currency— dollar	1,194 ^{**}	8.1 soms/\$
10. Currency Exchange of the Republic of Georgia (Tbilisi, Georgia)	17 November	national currency— dollar	1,163 ^{***}	38,544 coupons/R
6. Interbank Currency Exchange of the Republic of Belarus (Minsk, Belarus)	18 November	national currency— dollar	1,489 ^{***}	6,105 Belarusian rubles/\$
6. Interbank Currency Exchange of the Republic of Belarus (Minsk, Belarus)	18 November	national currency— Deutsche mark	1,387 ^{***}	3,325 Belarusian rubles/DM
7. Interbank Currency Exchange of the Bank of Lithuania (Vilnius, Lithuania)	18 November	national currency— dollar	1,194 ^{**}	3.94 lits/\$
7. Interbank Currency Exchange of the Bank of Lithuania (Vilnius, Lithuania)	18 November	national currency— Deutsche mark	1,171 ^{**}	2.275 lits/DM
7. Interbank Currency Exchange of the Bank of Lithuania (Vilnius, Lithuania)	19 November	national currency— dollar	1,194 ^{**}	3.939 lits/\$
11. Kazakh Interbank Currency Exchange (Almaty, Kazakhstan)	19 November	national currency— dollar	1,170 ^{**}	4.68 tenge/\$
12. Rate for the sale of noncash foreign exchange of the National Bank of Ukraine (Kiev, Ukraine)	19 November	national currency— dollar	1,110 ^{**}	6,089 karbovantsy/\$

* In addition, the current exchange quotations of the dollar and the Deutsche mark in trading on the Moscow Interbank Currency Exchange were used to calculate the cross-rate based on Deutsche mark trading.

** The exchange rates were recalculated in keeping with the current official quotations of the national currencies against the Russian ruble.

*** The exchange rates were recalculated in keeping with the current market quotations of the national currencies against the Russian ruble.

	Buying rate*	Selling rate*
Russian ruble** 1,203 (+27)		
English pound sterling	0.6777 (+0.0016)	0.6782 (+0.0017)
Belgian franc	36.38 (+0.12)	36.42 (+0.12)
Dutch guilder	1.921 (+0.0158)	1.922 (+0.0158)
Danish krone	6.7935 (+0.0385)	6.8035 (+0.038)
Italian lira	1,674.8 (-13.5)	1,676.3 (+13.5)
Canadian dollar	1.3217 (+0.0114)	1.3227 (+0.0114)
Deutsche mark	1.7218 (0.0156)	1.7138 (+0.0156)
Norwegian krone	7.4335 (+0.0585)	7.4435 (+0.0585)
Finnish markka	5.80 (+0.04)	5.84 (+0.04)
French franc	5.9415 (+0.0425)	5.9465 (+0.0375)
Swedish krona	8.3247 (+0.0785)	8.3275 (+0.0809)
Swiss franc	1.5065 (+0.0042)	1.5075 (+0.0042)
Japanese yen	108.08 (+1.63)	108.18 (+1.63)
ECU***	1.1245 (-0.0056)	

* The exchange rate of the dollar against national currencies on the basis of data from the REUTERS agency as of 19 November

** Official exchange rate of the Central Bank of Russia

*** Dollars per ECU

Changes compared to 12 November are given in parentheses.

Falling Imports Help Trade Balance

944F0204A Moscow ROSSIYSKIYE VESTI in Russian
19 Nov 93 p 1

[Business-TASS report: "Exports Are Twice the Volume of Imports: Purchases of Shoes Are Cut to One-Third, Meat and Medicines, to One-Quarter"]

[Text] Russia is importing almost one-half fewer products than in the previous year. The volume of Russian purchases for January-October 1993 amounted to \$15.5 billion, one-half as much as exports from the Russian Federation, the Ministry of Foreign Economic Relations reported.

During this period, Russians received one-seventh as much imported vegetable oil—51,000 tonnes (\$38 million). The amount of purchased fresh-frozen meat (64,300 tonnes for \$94.1 million) and medicines (\$203.6 million) was cut by more than a factor of four. One-third as many shoes were imported—11.5 million pairs (\$172 million).

There was a reduction of purchases by more than one half with respect to poultry meat (17,000 tonnes for \$16.8 million), coffee (10,600 tonnes for \$26.1 million), grain crops (8.9 million tonnes for \$1.3 billion), knitted wear (\$216 million), machines, equipment, and transport means (\$5.2 billion).

In January-October 1993, 2.2 million tonnes of sugar for \$729 million were imported (less for the same period of 1992 by a factor of 1.5), textile clothing—for \$545 million (less by a factor of 1.8).

On the other hand, purchases of citrus and steel pipes increased 1.5-fold. The import of tea remained at the 10-month level of 1992.

LUKoil, Paribas Bank Sign Financing Deal

944F0204B Moscow ROSSIYSKIYE VESTI in Russian
17 Nov 93 p III

[Article by Igor Petrov: "Oil Energy Complex Attractive as Usual: Therefore, Foreign Investors Eagerly Extend Credit to Our Oil Producers"]

[Text] LUKoil, the most prominent joint-stock oil company in Russia, and Paribas, the no less well-known French investment bank, have signed a framework agreement concerning long-term cooperation on a permanent basis that encompasses practically all aspects of activity of the oil company.

As the experts note, this is the first agreement of its kind where a private foreign bank is ready to make large dollar injections in the development of a specific Russian enterprise without requiring preliminary government guarantees.

Together with its French partner, which controls a substantial part of the world's oil market, LUKoil intends to establish the kind of credit arrangements that will make it possible to receive regular financing regardless of the schedule of money revenues for exported oil and oil products.

In the course of implementing this agreement, Paribas assumed the obligation of transferring \$100 million to

the company's account in the Central Bank of Russia in the near future. The money will be invested in the development of oil production both inside the country and abroad, but only after the study and approval of plans by both parties.

LUKoil intends to sign a second and no less important agreement on the joint development of the Kechimavskiy oil field in Tyumen with the Argentine Bidas oil company. The draft agreement has already been submitted officially for consideration by the Ministry of Fuel and Energy of the Russian Federation.

If the contract is approved, then both countries will receive the right to the joint conduct of geological prospecting and drilling operations for the production of Kechimavskiy oil for 25 years, with a possible extension of the effective contract period. The costs of implementing this project, according to the most modest estimates of the specialists, could exceed \$1 billion.

However, the particular attention of the experts who are analyzing the state of the oil complex was drawn in recent days to reports that the Japanese bank Mitsui agreed to extend credit of \$700 million to support a stable level of Russian oil production. The LUKoil company again became the recipient of credit.

Specialists note the unprecedentedly "soft" conditions for granting the loan. It was issued for a period of seven years at 8 percent annual interest. Only 15-20 percent of this sum must be used for the purchase of special equipment from the Japanese firm. The rest of the money is entirely at the disposal of LUKoil. The hands of the Russian enterprise will also be untied with respect to the search for buyers for its oil.

According to the estimates of company experts, owing to the credit granted by Japan, Russian oilmen will be able to produce on the order of an additional 24 million tonnes of oil, which potentially could bring Russia more than \$2.6 billion.

Foreign Trade Official Sees 'Positive Changes'

944F0204C Moscow ROSSIYSKIYE VESTI in Russian
17 Jan 93 p IV

[Article by Yevgeniy Ivanovich Tikhonov, chief of the department of the main administration for regulating foreign economic activity of the Ministry of Foreign Economic Relations, under the rubric "Commentary": "It Will Become Easier To Sell"]

[Text] Positive progress has been noted in foreign trade this year for the first time in several recent years. There is a stable trend in the increase in Russian exports, a positive balance in the balance of payments, and an increase in the hard currency assets of enterprises. The formation of a mechanism of foreign economic activity in the transition period, based in particular on the limited use of nontariff methods of regulating exports, is in the main completed.

The government decree "On Measures for Liberalizing Foreign Economic Activity" adopted at the beginning of November is also directed at its future stimulation. It is regarded by business circles as an important event in the matter of regulation. It is relevant here to note that the policy of the government in this sphere in general is directed at eliminating quantitative restrictions on the export of products and replacing administrative methods of regulating exports with economic methods. But the picture here is this. In accordance with Decree No. 854 "On Licensing and Establishing Quotas on the Export and Import of Commodities (Work, Services) on the Territory of the Russian Federation," which was adopted at the end of last year, quantitative restrictions on exports covered 97 commodity groups and 17 individual commodity positions. This constituted about 66 percent of total exports. It will be recalled that this year the number of commodities assigned quotas has decreased consistently. Excluded from quotas are ammonia, synthetic rubber, potash fertilizer, ammonium sulphate, methanol, calcium phosphate, lumber, and some deciduous tree sawtimber. Incidentally, there are no quotas for nitric and phosphoric fertilizers, and they are not licensed. However, they are still kept on the list of strategic raw materials commodities.

The consistency and pace of the process of liberalization of foreign trade depends on many factors, including the status of the country's market. The convergence of domestic and world prices for basic raw material products, the stabilization of the ruble rate of exchange, the predictive analysis of production and consumer goods, and the introduction of an effective export tariff—all this created the prerequisites for a reduction of the list of commodities whose export will be conducted in 1994 according to quotas. To a certain extent the November decree will narrow the possibility of abuses in the process of levying quotas on exporters and will eliminate a number of deficiencies that result from administrative methods of regulating foreign trade.

The commodities that remain on the quota list are the basic energy sources (except for coal), some nonferrous metals, cellulose, and also wheat, soybean and sunflower seeds, alcohol, and fish and fish products. To all appearances, this list will be curtailed next year.

Quotas will be retained on certain types of nonferrous metals, in particular, because quantitative restrictions on their export, or antidumping duties, have been imposed in individual countries and Western integrated groups on their importation from Russia. The world market of nonferrous metals is rather fragile, and their uncontrolled removal in certain states could lead to a substantial worsening of the commodity situation.

According to the decree of the government, which we are talking about, the institution of special exporters of strategically important raw materials commodities will be retained in the future. Suppliers of energy sources, nonferrous metals, fertilizers, and uncut diamonds, that is, hard currency-intensive commodities, will remain in

it as before. The main task of registration of the special exporters in the MVES [Ministry of Foreign Economic Relations] is to ensure the effective export of raw materials commodities and to implement legislation in the foreign economic sphere. The regular submission of full statistical information on concluded transactions and their effectiveness is required of enterprises and organizations that are granted the right to export raw materials.

The institution of special exporters will be reduced to a minimum after the integrated automated system of control over the export of strategically important raw materials commodities is put into operation. This system is being established so that exporters observe the rules and procedures established by normative acts at the main stages of proceeding through a transaction: registration—quota—contract—license—goods customs declaration—payment of hard currency to an account in an authorized bank—mandatory sale of part of the foreign exchange earnings. It will be recalled that even Edict of the President No. 628, which came out in June of last year, set as its first and foremost objective not to permit the illegal accumulation of hard currency earnings abroad.

Thus, the future liberalization of nontariff measures of regulating foreign economic activity will occur simultaneously with an increased effectiveness of the tariff control levers and the role of hard currency control. Improving the coordination of actions of state organs and components of the Federation, a clear delineation of their powers on the basis of a federal treaty, and the maintenance of a common procedure for establishing quotas and export licensing for the entire territory of the Russian Federation are also very important. In prospect, an expansion of the volume, nomenclature, and geography will be associated most of all with the pace and direction of extensive structural reorganization in the economy of the country. It depends on the leading branches of the economy getting out of the crisis situation, the creation of a diversified system of state support of exports, and the return to and consolidation of the positions of Russian exporters in traditional and new markets.

After freeing prices for energy sources and in connection with the increase in transport tariffs, the difference in domestic and world prices is becoming quite immaterial. Therefore, the preconditions are being created not only for a reduction in the list of quota commodities but also for a further lessening of export duties. Transportation barriers are beginning to have an influence on exports just like the tariff and nontariff regulators. At the same time, there is an increased role of the state in the present situation in establishing an integral system of institutions to support trade—financing, insurance, quality certification, and the transportation warehouse and telecommunications infrastructure.

Restrictions Placed on Foreign Banking Operations

944Q0090A Moscow KOMMERSANT-DAILY
in Russian 20 Nov 93 p 1

[Article by Sergey Viktorov: "Activity of Foreign Banks Restricted. Russian Authorities Have Concluded an Alliance With the Banks"]

[Text] The president of Russia has taken a fundamental step in the formation of a new system of state regulation based on supervision of the banking sphere. As KOMMERSANT-DAILY reported yesterday, Boris Yeltsin has signed an edict "On the Activity of Foreign Banks and Joint Banks With the Participation of Funds of Nonresidents on the Territory of the Russian Federation," according to which before 1 January 1996 protectionist conditions will be introduced in the Russian financial market, which is advantageous, of course, not only to the state, but also to the commercial banks.

Restriction of the activity of foreign banking capital is completely in keeping with the logic of the economic policy of the Russian authorities. It is now dictating the rejection of the old system of state regulation based on state property and price control since, what with the ineffectiveness of the economy, such control is simply disadvantageous to the state. Instead, the state is changing over to less burdensome but no less effective state regulation of the economy with the help of control of the financial and above all the banking system (one of the clearest examples of this kind of state regulation in the foreign economic sphere is the recent decision by the authorities to use commercial banks as agents for state currency control). State control through the banking system, naturally, is not a Russian invention. Such a method is typical of the majority of developing countries (a characteristic example is South Korea). World experience shows that this method ultimately leads to prohibition of the activity of foreign banks in the country since, naturally, it is more difficult for the state to control them.

Restriction of competition from foreign banks, of course, is advantageous to Russian commercial banks as well. It is worth noting that right before the appearance of the new edict at a meeting with leaders of the Russia's Choice bloc, representatives of banking circles demanded the introduction of protectionist conditions in the banking sphere for a period of three to five years. Essentially, they had been insisting on these conditions for a long time—as early as October of last year there appeared (and it was subsequently discussed in parliament) a draft decree of the Supreme Soviet regarding this, and in April of this year the Central Bank restricted the share of the total capital of banks with foreign investments to 12 percent of the total capital of Russian commercial banks.

Thus, the new edict merely documents (which is typical in a pre-election situation) the predictable alliance of the authorities with the commercial banks (which have,

according to certain estimates, foreign currency capital totaling \$18 billion). The state is meeting the banks halfway, counting on the idea that in exchange they will be less unwilling to participate in the state financial system (a special point of the edict is devoted to this). And both participants in the alliance will have the opportunity to participate in the control of any economic projects (for example, privatization of the fuel and energy complex) without fear of competition.

[First Box, page 1] *Basic points of the president's edict*

A list of transactions carried out on the basis of licenses from the Central Bank by foreign banks and their branches and also joint banks in which the share of nonresidents in the capital exceeds 50 percent that have not begun to serve residents of the Russian Federation by 15 November, and also those that received a license after this date will be temporarily (until 1 January 1996) restricted to operations with nonresidents;

the Central Bank has been instructed during the first half of 1994 to submit to the president a draft of the changes in the law "On Banks and Banking Activity in the RSFSR," which envision the use of financial resources of banks and other credit institutions to solve priority problems of the Russian economy.

[Second Box, page 1] *Foreign and joint banks with the participation of funds of nonresidents that received licenses from the Central Bank during 1992-1993*

Banks that began to serve residents before 15 November 1993: Credit Lyonnaise (Rossija), BNP—Dresdner Bank (Rossija).

Banks that did not begin to serve residents: Societe Generale, Bank of China, Credit Suisse, ING Bank, Citibank, Chase Manhattan Bank, ABN Amro Bank, Yapi TOKO Bank, Russian-Turkish Bank.

[Third Box, page 1] COMMENTARY. In our view, the consequences of the president's decision will most likely be negative. The edict, which actually has the opposite effect and restricts the rights of those foreign banks that have already received licenses from the Central Bank for operations with residents, will apparently produce an unfavorable impression and serve as more evidence of the unpredictability of the Russian policy. Depriving them of the right to serve residents encroaches on the interests not only of the foreign banks themselves, but also of the Russian clients of the banks, since it will impede the development of competition on the market for banking services. A consequence of this will be that improvement of the quality of banking service will slow down. Moreover, because of the lack of competition from foreign banks, Russian banks might be tempted to preserve this state of affairs for many years, and there is no guarantee that at the end of 1993 they will not find more reasons for restricting the activity of foreign banks in Russia.

And the last thing. If Russian bankers can be satisfied with point 1 of the edict, point 2 should alarm them. Changes in the law that envision "the use...of bank resources...for solving priority problems in the development of the Russian economy" could mean anything they want it to, including the application of administrative methods to regulate the banks' activity. After all, they have to pay for point 1.

FINANCIAL CIRCULATION DEPARTMENT

Libyan Debt to Russia Discussed

944Q0090B Moscow KOMMERSANT-DAILY
in Russian 20 Nov 93 p 4

[Article by Georgiy Bovt and Svetlana Sukhova: "Results of Oleg Davydov's Visit to Libya. Questions of Payment of the Libyan Debt Coordinated"]

[Text] The visit of the chief of the Ministry of Foreign Economic Relations of Russia, Oleg Davydov, to Libya, which ended on Thursday, occurred simultaneously with the discussion in the UN Security Council of the question of increasing anti-Libyan sanctions. Russia's support for the resolution nonetheless did not keep the delegation from the Ministry of Foreign Economic Relations from coordinating in principle the question of payment of Libyan indebtedness to Russia. But still the discussions in the UN could not have been completely without impact on the negotiations in Tripoli.

It must be recalled that the visit of the Ministry of Foreign Economic Relations delegation to Libya began right at the time when both representatives of Russia to the UN and the Ministry of Foreign Affairs made it plain that the draft resolution on strengthening sanctions against Libya prepared by Western powers did not suit Moscow, because it encroached on its economic interests. This had to do primarily with the fact that the new sanctions could impede Libya's payment of its debt to Russia, which was inherited from the times of active cooperation between Libya and the USSR (the total is \$4 billion). As a result, as we know, in the final text of the resolution adopted on 11 November, changes were made which allow petroleum and agricultural exports to pay the debt to Russia.

Nonetheless, the very fact of Russia's vote in favor of the UN resolution, according to information from sources in the Ministry of Foreign Economic Relations delegation, was a surprise to those in Tripoli. Many people in the delegation were proceeding from the assumption that before departing from Moscow they had reached a preliminary agreement with the Ministry of Foreign Affairs to the effect that the negotiations in the Security Council would be drawn out as long as possible so that the delegation in Libya would have a chance to sign an agreement concerning the debts. And although Russia's interest in solving this problem was reflected in the UN resolution, certain observers were still left with the impression that there was a certain lack of coordination in the actions of the two Russian

departments. This provided the occasion for certain of the media (particularly IZVESTIYA) to draw the conclusion that "a scandal is brewing on Smolensk Square" in connection with the fact that the visit of the delegation from the Ministry of Foreign Economic Relations indicates Russia's intention to avoid observing the sanctions. Yet it seems that they are still very far away from a scandal—if only because just a couple of weeks ago the Ministry of Foreign Affairs and the Ministry of Foreign Economic Relations were co-authors of a note to the president that called for revision of Russia's position with respect to international sanctions against Libya, Yugoslavia, and Iraq.

Nonetheless, the events in New York did not keep the Russian delegation in Tripoli from finally coordinating the texts of agreements on payment of the Libyan debts: Libya agreed to pay "a considerable share of them in the shortest possible time." They also agreed on the texts of the agreements on trade-economic and scientific-technical cooperation and the creation of an intergovernmental commission. Their signing was postponed until the visit to Moscow by a Libyan Government delegation, which is scheduled for the end of November. In Tripoli Oleg Davydov and a representative of Tekhnostroyeksport, Viktor Velichko, who was part of the delegation, also discussed the possibility of the cooperation in civilian spheres that do not fall under the UN sanctions. This has to do with providing for Russia's full-scale return to the Libyan market in the event that the UN sanctions, which Russia intends to adhere to for now, are overturned.

Investment Corporation Official 'Optimistic' on Luring Foreign Capital

944Q0076A Moscow ROSSIYSKIYE VESTI in Russian
11 Nov 93 p 4

[Article by Yuriy Vladimirovich Petrov, Chairman of the State Investment Corporation: "We Need Investments—and They Will Come"]

[Text] I shall venture to make an optimistic prediction: Even now, Western businessmen are beginning to jockey for positions in the immense Russian market, where there is a skilled work force and masses of consumers, and where there is currency convertibility, if only de facto. I hope that next year will be the beginning of a mass influx of domestic and foreign investments—both portfolio (through the acquisition of shares) and direct—with the aim of gaining a significant footing in our market. As for Russia, it is prepared for such a development of events, it is prepared for broad business cooperation.

I have no doubt that my assertion will seem improbable to many people. But the processes that are taking place in the Russian economy, the gradual political consolidation in the country, and the West's awareness of the importance of establishing cooperation on an equal footing with Russia as it is renewed, convince us that business

people of Western states will not let these chances to augment their capital pass them by.

To the question of whether Western investors, mainly private owners of large financial means, are prepared to come to Russia, I would give an affirmative answer without equivocation. On what do I base my optimism?

It derives from numerous contacts and extensive exchange of opinions with our foreign partners. One gets the firm impression that a kind of turning point has been reached in the attitude toward Russia in general and toward investments in its economy in particular. Indeed, the factor of the strategic rivalry and the threat of war, which stimulated immense investments in defense, has disappeared. The change in the international climate is persistently urging the West to search for new markets, and it has begun to look seriously toward China and Russia. The communist regime in China has a cooling effect on their interest. Moreover, Western investments in Asia have never been very successful—Japan is closer. So Russia turns out to be a more attractive object for entrepreneurship, including investment.

There is also another question: Would we not be able to do without foreign capital investments completely, would our own forces not be enough to reorganize and modernize, say, industry? Let me give a couple of examples from industrial practice. Even industrially developed countries attract foreign capital. In 1991 in the United States, it increased by \$11.5 billion, in Great Britain—by 21.3, in France—by 10, and in China—by \$4.4 billion. But what about Russia? By the middle of 1993, the overall volume of foreign investments in its economy was about \$7 billion. But we could "assimilate" 40-50 billion in foreign investments a year.

The critical condition in which our country's economy has found itself is no secret to anyone. According to various estimates, its modernization will take from \$150 billion to \$500 billion over the next 10 years! According to certain estimates, there are now \$12 billion-\$20 billion in commercial banks. Approximately the same amount is being kept abroad. That is, theoretically, we could mobilize about \$30 billion-\$40 billion of "our own" money, and we have been promised 20-30 billion more in one form or another by international financial organizations and governments of individual countries. The total turns out to be a maximum of 70 billion. An elementary calculation shows that foreign investments could render us essential support. Moreover, it is not only money that is involved, but also technology, knowledge, experience, and, finally, managerial talent.

This is why both the Russian Government and the commercial structures of the country are striving to create favorable conditions for the activity of foreign capital in the Russian market. In particular, the State Investment Corporation, created at the beginning of the year, regards as priority areas for its activity such endeavors as stimulation and attraction of domestic and foreign investments in order to implement the most

important federal and regional programs for the social and economic development of Russia; provision of insurance for the attracted funds through mortgage possibilities of the state and the regions; orientation of investment activity of joint-stock and private companies—Russian and foreign—toward solving key problems of the economy.

I would single out two of the most urgent tasks of the corporation. First, solving the problem of guarantees for investors. Our market is still on the sidelines of the investment flows, partially because the businessmen are afraid of the political risks. Therefore, they came up with the idea of creating an insurance company that would offer financial guarantees in cases where federal or local authorities make decisions that essentially change the initial conditions for capital investments and cause harm to investors. To do this, the company must have not only a financial fund, in the form of highly liquid materials, but also independence from Russian jurisdiction: It would register and locate its headquarters and its assets in Ireland, near the world financial and industrial centers.

The management of the company's capital would have to be subject to the strict requirements placed on insurance companies by legislation and insurance supervisory organs in countries of Western Europe. They consist primarily in providing for maximum reliability of capital investments by the insurance company and also a high degree of liquidity of the securities it acquires.

I wish to draw the attention of our foreign colleagues to this: The company would insure exclusively investments in the economy of the Russian Federation. We hope that the insurance mechanism will be a powerful lever in the hands of the Russian Government and help to stimulate flows of capital into the socially significant branches that are given priority. Investment plans would undergo expert evaluation to make sure that they are in keeping with the interests of the branches and also individual territories and regions.

Thus, we would achieve an integrated structural policy that would provide for the country's overall economic development through stepping up construction, conversion, and the development of the fuel and energy complex and the infrastructure. Even today, our corporation's portfolio contains more than 300 plans that have undergone expert evaluation related to the extraction and processing of oil, conversion, the production of medications and medical equipment, the creation of transportation networks and communications lines, and the stimulation of agricultural production. At the same time, I would like to emphasize that the social orientation of the structural transformations is always at the center of our attention.

Another task is to stimulate the creation of Russian and mixed joint-stock companies. A large amount of work is already being done. Thus, for example, one of the first firms registered with the participation of our corporation

was a joint-stock company for contributing to small and medium-sized business. The State Investment Corporation was one of the founders of Investkredit, an inter-bank investment association that includes 42 banks with about 600 branches in various republics, krais, and oblasts of Russia and with an overall consolidated authorized capital of about 40 billion rubles. Next in line are special firms for carrying out plans in the area of provision of natural gas for rural areas, multistory construction, and the implementation of large-scale programs for ship construction.

There is no need to speak about the fact that in order to carry out all these tasks, specially trained and educated cadres are needed. We are now operating a training center in cooperation with the leading training and scholarly institutions of the country. Thus, for example, a group of 250 workers of Russian banking institutions were sent to the United States, where they went through training.

A couple of days ago in the capital of Austria, there was an international conference devoted to studying the investment climate in Russia. Eminent Russian and Western specialists, representatives of business circles, and leaders of large enterprises and firms discussed ways of invigorating economic cooperation between our country and Western European states. Their business circles have confirmed their interest in increasing investments in Russian industry. The results of the Vienna forum showed that we can look for these capital investments to start moving even in the near future.

Commentary on Protectionism in Banking Industry

944F0186.1 Moscow *SEGODNYA* in Russian
No. 81, 20 Nov. 93 (Signed to press 19 Nov. 93) p. 1

[Article by Rustam Narzikulov: "The President Protects Himself Against a Surplus of Western Freedom"]

[Text] Boris Yeltsin has issued an edict that substantially limits the rights of foreign banks in Russia. The document states that foreign and joint banks (in which the share of foreign capital exceeds 50 percent) which did not begin operating prior to 15 Nov. 93, as well as those that received TsBR [Russian Central Bank] licenses after that date, can operate only with legal entities and individuals who are nonresidents. In other words, access to foreign banks is denied to the population and enterprises of Russia.

State protectionism has always, and under any circumstances, had a two-fold effect on the national economy. On the one hand, it rids the national firms of the necessity of competing with foreigners on the foreign market and, on the other hand, worsens the competitive environment, without which economic progress is impossible.

But no one in the world has developed, and apparently never will develop, a rule that would be correct for all

situations in life—a rule that defines in what circumstances protectionism is necessary, and in what circumstances it causes harm to its own country. The decision in each specific situation is specific, and in the final analysis the state that wins is the one that is guided by exclusively pragmatic, rather than ideological, principles.

At first glance the president's edict appears to be an exceptionally rigid protectionist measure with respect to domestic bank capital and it contradicts the overall liberal directedness of the reforms. Actually, what incentives to improve the quality of financial services will the Russian banks have if, in all circumstances, their customer would be deprived of his apparently natural right to choose?

Strange as it seems, an answer to this question exists. The factor that serves as a condition for the rather fierce competition in Russia's bank market is the operation of 1800 commercial banks. With all the costs of their establishment and initial development, this number of them guarantees a sufficient degree of demonopolization of the banking branch to assure that the departure of twelve foreign companies will exert a substantial influence on it. Bank protectionism in this instance has a completely different nature than, for example, the paternal concern of the Russian government for the Volzhsk Automobile Plant that completely dominates in the market with motor vehicles in 1960's models and that is guarded against competition by unprecedented import duties. So the purchasers of Zhigulis actually are being unashamedly robbed by the Volzhsk monopolist.

There exists yet another reason why the president deemed it possible to give a temporary breathing spell to the Russian bankers. The old banking rule states that bank affairs cannot proceed at a better rate than their customers' affairs. The orientation of the Russian banking sector chiefly to short-term speculative operations is explained by the general-economic investment crisis, rather than by the primordial nasty qualities of the newborn banks. There are no doubts that Credit Lyonnais, Dresdner Bank, and Chase Manhattan would all engage in Russia in precisely the same kind of operations—otherwise their activity here would be unprofitable.

But in order to be convinced of the reasonableness of the president's edict it is necessary to wait a total of slightly more than two years (the limitations that have been introduced will be in effect until 1 January 1996). Will Russian banks be able during that period to become sufficiently strong to compete without state protection? That depends only on them.

Foreign Trade Turnover Falls 23 Percent

944F0186B Moscow SEGODNYA in Russian
No. 81, 20 Nov 93 (Signed to press 19 Nov 93) p. 2

[Article under rubric "Statistics": "Foreign Trade Turnover Has Fallen by 23 Percent During the First Ten Months of 1993"]

[Text] Russia's foreign trade turnover with the remote foreign countries (including the Baltic countries) in January-October 1993 constituted \$46.9 billion, according to time-responsive data from Goskomstat [State Committee on Statistics]. As compared with the corresponding period last year, that turnover decreased by 22.9 percent in actual prices and by 18.5 in comparable ones. Trade turnover with the industrially developed countries dropped in actual prices by 23.6 percent to \$28.3 billion, and with the developing countries by 6.7 percent to \$6.6 billion.

Export during the first ten months came to \$31.4 billion, dropping, as compared with January-October 1992, by 1.5 percent in actual prices and rising by 11.2 percent in comparable prices (in October, output valued at \$3.4 billion was exported—the same amount as in August and in September). Shipments to the industrially developed countries increased by 1.4 percent to \$18.8 billion (in actual prices); and to the developing countries by 33.4 percent to \$4.4 billion; while export to individual countries (former CEMA countries, ex-Yugoslavia, China, KNDR [Democratic People's Republic of Korea], and the Baltic countries) dropped by 18.5 percent to \$8.2 billion. The share of the industrially developed countries in the overall volume rose from 58 percent in January-October 1992 to 60 percent; the share of the developing countries, from 10 percent to 14 percent respectively. The share of the remaining countries dropped from 32 percent to 26 percent. The share of energy carriers in the commodity structure remained practically unchanged as compared with last year, and came to 52 percent. The average export prices during the first ten months, as compared with the corresponding period in 1992, dropped by 11 percent, including: for petroleum, by 19 percent; petroleum products, by 42 percent; natural gas, by 9 percent; stone coal, by 20 percent; iron ores and concentrates, by 3 percent; pig iron, by 27 percent; nickel, by 14 percent; and aluminum, by 32 percent. This decrease in export prices occurred both as a consequence of the overall drop in the prices of raw materials on the world market, and as a result of the dumping being practiced by Russian exporters. As a result Russia lost, during the ten-month period, more than \$3 billion of potential currency proceeds.

Import in January-October fell to \$15.5 billion, dropping by 46.4 percent in real prices and by 50 percent in comparable ones (in October output with a value of \$1.6 billion was purchased). Import from the industrially developed countries dropped by 49 percent to \$9.4 billion (in actual prices); and from the developing countries, by 42 percent to \$2.2 billion. The share of the industrially developed countries was 61 percent (in January-October 1992, 63.6 percent); the developing countries, 13.9 percent (12.9 percent); and the remaining countries, 25.1 percent (23.5 percent). The country that remained in first place in Russia's import was Germany—\$3.1 billion. Germany was followed by China, \$1.8 billion; the United States, \$1.1 billion; and France and Italy, \$0.8 billion each. The largest share in the commodity structure was that of machinery and equipment—33.9 percent. The share of grain was 8.3 percent, sugar (including raw sugar), 4.7 percent; and textile and knitted articles, 4.9 percent.

RF Export in January-October 1993 (According to Up-to-the-Minute Data from RF Goskomstat)

Name of Commodity	Unit of Measurement	January-October 1993		1993 in percentage of 1992	
		Quantity	Total amount, millions of dollars	Quantity	Total amount (in actual prices)
Total export			31409.7		98.5
Ores and concentrates	thousand tons	5377.9	125.8	86.8	84.1
Stone coal	thousand tons	12608.1	530.6	111.6	89.3
Crude oil	thousand tons	66713.5	7115.0	129.9	105.8
Petroleum products	thousand tons	29514.2	32824.4	145.2	83.6
Natural gas	million [cubic] meters	73881.0	5705.3	102.7	93.3
Ammonia	thousand tons	2342.1	184.8	126.6	131.7
Nitrogen fertilizers	thousand tons	3742.9	270.5	62.9	69.2
Phosphorus fertilizers	thousand tons	114.7	13.5	110.8	67.2
Potassium fertilizers	thousand tons	2122.2	140.8	69.6	55.8
Unprocessed timber	thousand cubic meters	9060.6	540.9	152.3	148.8
Processed timber	thousand cubic meters	2528.5	371.9	123.6	138.6
Woodpulp	thousand tons	594.2	148.2	213.7	138.5
Newsprint	thousand tons	352.9	85.4	340.4	226.4
Cotton fabrics	thousand meters	97314.0	40.4	93.2	60.5
Cast iron and specular cast iron	thousand tons	1710.1	174.5	128.9	94.4
Ferroalloys	thousand tons	213.1	123.1	141.1	189.5
Unprocessed aluminum	thousand tons	1107.1	961.9	150.6	101.8
Machinery and equipment, means of transportation	million dollars		2295.6		82.8

RF Import in January-October 1993 (According to Up-to-the-Minute Data from RF Goskomstat)

Name of Commodity	Unit of Measurement	January-October 1993		1993 in percentage of 1992	
		Quantity	Total amount, million dollars	Quantity	Total amount (in actual prices)
Total import			15508.8		53.6
Meat, fresh/frozen	thousand tons	64.3	94.1	23.1	75.9
Meat, poultry	tons	10998.6	16.8	40.7	38.1
Coffee (not decaffeinated)	thousand tons	6.8	24.6	192.1	169.7
Coffee, coffee substitutes	tons	10569.4	26.1	47.4	83.3
Tea	thousand tons	42.7	95.9	100.9	112.8
Citrus fruits, including	thousand tons	5044.7	1285.9	35.1	34.5
Wheat	thousand tons	5754.3	845.8	36.5	36.8
Corn	thousand tons	7135.6	324.9	50.7	41.3
Veggetables	thousand tons	81.0	38.0	13.2	13.5
Sugar	thousand tons	7729.9	79.1	68.3	63.5
Machinery	million dollars		763.6		61.1
Automobiles	million dollars		216.1		46.1
Textile clothing	million dollars		844.9		66.7
Furniture	thousand pieces	11133.6	171.7	31.9	13.8
Shoes	thousand pairs	524.3	41.5	148.3	100.1
Machinery and equipment, means of transportation	million dollars		1555.9		50.8

Inkombank Anniversary, Activities Noted

9441-0186C Moscow NEZAVISIMAYA GAZETA
in Russian 19 Nov 93 p 2

[Article by Anastasiya Pankratova, under rubric "With Advertising Rights": "Inkombank Is Five Years Old: Eternal Values, Eternal Pyramids, and the Fascinating Ivonna"]

[Text] Recently a press conference was held at the MID [Ministry of Foreign Affairs] press center. It was devoted to the fifth anniversary of Inkombank, one of the largest commercial banks in Russia as of today.

In the consciousness of a large circle of readers, the bank's name is possibly associated with the sophisticated television commercial showing the fascinating girl named Ivonna, and eternal pyramids.

Five years ago, as a result of the reorientation of the Russian economy to market relations, there arose a need, as well as the possibility, for creating a fundamentally new banking system, an inseparable link of which today is commercial banks.

An organization that became one of the pioneers in this system was Inkombank, which was founded in November 1988. It was Inkombank that became the first among the Russian commercial banks to become part of the S.W.I.F.T. joint-stock company.

Today Inkombank, which now has a general license for carrying out all types of banking operations in rubles and currency, consists of ten branches in Moscow, plus an equal number in other major industrial cities in Russia, as well as an operating branch in Cyprus and a representation in Geneva. As for future plans, within the near future it is planned to open up five branches in Russia, as well as representations in New York and Frankfurt. The operation of bank locations abroad promotes the attracting of foreign capital to the Russian economy.

What is it about Inkombank that makes it attractive for its customers?

First, its ability to work with international payments. For example, according to evaluations made by the bank's American colleagues at Bank of New York, the International Payments Department at Inkombank has been recognized has the best in Russia. Ninety percent of the payments pass through the S.W.I.F.T. system. Today Inkombank carries out more than 7000 payments monthly.

Secondly, Inkombank carries out all the necessary documentary operations, including a documentary letter of credit.

Thirdly, the bank carries out all types of guarantee operations, beginning with payment operations and ending with tender guarantee.

Fourthly, the broad network of correspondent relations with banks in Russia and the CIS countries, which enables Inkombank to make payments quickly and high effectiveness.

Private individuals who are Inkombank customers are especially interested in the services pertaining to currency accounts, since payments in cash are made without limitation, with new banknotes, and all types of payments are carried out.

The currency deposit with the shortest term—for three months—brings 3 percent income, and for a year, 9 percent.

The effectiveness of the accounts is attested to by the number of the bank's private customers, who number 70,000.

The lively activity of Inkombank became possible thanks to its highly trained personnel, whom it prefers to develop in-house, by devoting a large amount of attention to their probationary work assignments abroad and by creating the maximum conditions for revealing their creative potential.

Russia's Position Between East, West Asserted

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in Russian No 9, Sep 93 [Signed to press 1 Sep 93]
pp 44-51

[Article by Natalya Alekseyevna Narochnitskaya, candidate of historical sciences, Constitutional Democratic Party deputy chairperson: "Russia—Neither East Nor West: The World Needs Her as Nothing More Than Russia, and That Is How She Must Stay"]

[Text] The field of relations between parts of the historical Russian state must become a priority task for a Russian policy that is oriented towards the careful and conscious maintenance of unity in the economic, political and geopolitical interests of all her partners.

The Russian Federation's policy concerning parts of the Soviet Union should not violate the conditions for a peaceful establishment of a single state, if that is the will of the peoples. **We must be distinctly aware that forceful methods and military solutions are not a choice, as only the free will of the peoples can provide a decisive solution to the state's crisis. Russian foreign policy must be based on respect for the status quo, on observation of the behavioral norms that it assumes, leaving the task of preserving and restoring unity exclusively to political, diplomatic, economic and spiritual initiatives.**

And here we must distinctly promote the understanding that the Russian Federation is supported by pro-Russian forces in the new states, and that it is the only source of preferential support from Russia in all aspects of relations—political, economic, financial, in the area of culture and scientific-technical cooperation. **Therefore, the**

"Belovezhskiye forces" that are enjoying support. Declarations of adherence exclusively to western values not only push the Asian republics into the arms of Turkey, Afghanistan, Pakistan and China; they also threaten the collapse of the Russian Federation, itself.

The maintenance of an active and conscious defense throughout the entire territory of the former USSR and the C.I.S. against the strategic influence of third countries in no way signifies pressure, as it in no way interferes in the normal and natural political, economic, cultural and other contacts made by new subjects in the course of international relations with the entire world. This policy signifies only the powerful impulse of political will for the resolution of national issues, the distinct realization of a geopolitical mission and the awareness of the role it plays in the world and in the fate of countrymen who find themselves in foreign lands against their will. Russia has the full moral, political and legal right and is also obligated to defend the interests of those who count themselves a part of the Russian nation, and of all those whose attitude towards Russia remains same as that towards their own motherland, and who link their fate to it.

Here, everyone should be aware, including those who are fully convinced of the need for a definitive split, that the new subjects' current status in international relations is at a disadvantage, as it lacks a basis for legitimacy—constitutional succession. The USSR was declared in a dissolute, intra-constitutional manner, lacking a single constitutional procedure for withdrawal for everyone that would have given all the peoples on republic territory who wished to become independent, regardless of their number, an opportunity to decide their own fates.

From the point of view of the legal interpretation of nations' right to self-determination, it was exactly that right that was violated and exchanged for the right of territories, of which nearly all were multi-ethnic states. This was why the conflicts in the Dniester region, Ossetia, Abkhazia, Tatarstan were directly programmed by the division of the country. With regard to the Russian Federation, this is a different matter, because it was the only republic that did not announce its withdrawal from the USSR, and now it is not only the legal successor (as are all the other parts, in a certain sense), but the continuation of the Soviet Union as an entity, as well.

Attempts to expose "participation" in the fate of peoples fighting for their historic choice and in the fate of Russians, by acting as if the conflicts that have sprung up in sovereign states were the result of the Belovezhskiye Accord, have already demonstrated their fruitlessness, since they have, to a great degree moral, and to a lesser degree, legal bases.

Russia should not support anti-Russian forces. But this doesn't mean that there are no limits to just any pro-Russian force pulling Russia into military actions as an instrument. If Russia's participation is unavoidable due

to moral obligations and objective conditions (the presence of Russian troops in the conflict area, the fate of Russians or the threat that a conflict will become internationalized, which cannot be allowed at any time), then that participation should be carefully weighed, recognized to be both the consequence and instrument of its own policy, and with distinctly determined goals.

Despite a natural desire to avoid bloodshed between the peoples that recently defended our country as their fatherland together, to avoid an escalation in the conflict, itself, and in Russia's involvement, it should be recognized that Russia's distancing will only lead to the vacuum being filled immediately by third forces. One way or another, Russia will have to realize and defend its interests in those regions.

Opinions that by leaving Central Asia altogether, Russia would achieve calm on its southern borders are naive. But states have been coming together for centuries, and their borders are written in blood. Sometimes a great power is forced to restrain the dangerous development of events at the cost of sacrifices that not everyone understands. When the restraint is made multilateral, it is important to assure a single understanding of these tasks.

The foreign policy of Baltic "new-thinkers" threatens to thrust Russia into a situation that could grow into a Lebanese-type war, with the uncompensated loss of its sea access in the Baltic and the strategic uncertainty that is developing into that region's transformation into a zone of NATO strategic initiatives, and with the violation of the rights of Russians and Russian-speaking residents and the humiliation of Russian servicemen.

The very concept of a "restoration of prewar states", woven together by people's fronts, lacks any basis for the defense of Russia's historical interests as the legal successor in this extremely important region. One would like to ask the champions of universal legitimacy which undisputed point of reference they are using—not the Ulmanis and Lofte treaties of 1919 according to which Latvia became an "independent state"? If one doesn't recognize the legality of its entrance into the USSR in 1940, as Baltic politicians have proposed concerning the events of that time, then one can, with much greater certainty, reach the conclusion that there was no legal, legitimate separation of the Baltics from the Russian Empire at all. Ulmanis, a dictator of the lowest type, not elected by anyone, came to power on German bayonets during the German occupancy. The Bolshevik Lofte was representing a government that did not control the entire territory of the country—and that was not recognized by anyone in the world. And the treaty, conspicuously contained secret or real articles. Because Ulmanis was given Latvia—a part of the *Archevskaya Guberniya*, in exchange for certain services—and the Bolsheviks in surrounding and defeating the army of Yudenich.

In the USSR Archive of Foreign Policy (about a letter from G. V. Chudakov to B. S. Lysenko that contains these lines: "We have given Estonia a completely Russian

piece, we've given Pechenga to Finland, where the population was stubbornly against it, we didn't ask Latgaliya about its transfer to Latvia, we've given entirely Belorussian areas to Poland. This is all related to the fact that with the current general situation, with the Soviet Republic's war against capitalist encirclement, the supreme principle is the Soviet Republic's self-preservation as a "citadel of revolution." Facts cited from revolutionary and Civil War repartitions of territory do not at all serve to advance the territorial claims of the current Baltic governments; they only demonstrate the ungrounded nature and legal unsoundness of the concept of restoring the prewar states, all the more with Lithuania's extremely strange secession that included territory acquired after the treaty of October 10, 1939, which was definitively confirmed as Lithuanian only as a part of the USSR.

It is entirely obvious that the concept that we are dealing not with prewar states, but with parts of the Soviet Union that have separated from it, that is, with the Latvian, Estonian and Lithuanian Soviet Socialist Republics, which wanted to become independent states, should be taken as the basis of the Russian Federation's new effective and entirely non-aggressive course of action in relation to the Baltic region.

Here, it would not be out of place to recall the history of those territories' entrance into Russia. By the end of the Northern War (1721), Latvians and Estonians were not historical subjects, but ethnoses that were subjects of the Swedish State, lacking a literary language, since their education was conducted in German. These territories were given to Russia not just as the result of its military victory, but also as the result of the payment by His Majesty to the "Swedish Crown" of two million yefimki exactly, without deductions, and of course, from the ye.k.v. with the proper plenipotentiaries and signed by the provided representative...¹² If it is hard to object to the right of nations to self-determination, then excerpts from the Nishtatskiy Peace Treaty clearly give no fewer reasons for compensating Russia for losses incurred during the acquisition and subsequent improvement of those territories as ports than there are for the financial claims presented by the other side.

In any case, the matter must be conducted between partners having no rights to accusation at all. The armed forces—these are troops, who by the will of fate found themselves on the territories that had seceded, where the interests of the party that was not the initiator of the "divorce" are observed as a priority. There are all bases for an equal approach to granting citizenship, since there are no occupying forces. Only after all these questions are resolved can we return to an examination of the problem of the full or partial withdrawal of Russian troops.

Russia's geopolitical interests must be distinctly and clearly declared not just in the Baltics, but in the Black Sea, as well. It is time to stop putting on a happy face in this game—one that got out of control a long time

ago—that we are playing concerning issues of preserving the strategic borders out of which Rus', in its time, made Russia. Access routes to the sea—these are "easy" powers, that if closed could easily strangle her.

Now, it is nobody's secret that the Kievan participants of the Belovezhskiye Accords needed the Union's "dissolution" so that they could, having gained control over part of the former all-union army and taken over the Black Sea Fleet, strengthen their unbased claims on the Crimea. By simply withdrawing from the Union, Ukraine would have been unable to make a claim for an army and a fleet that would have been subject to withdrawal as "foreign armed forces" (similar to the situation in the Baltics). In doing so, Kiev, indisputably encouraged by attempts to cause confusion, displays a far-reaching decisiveness in distancing itself from Russia, little caring about the reality of its ideas.

Russia's return to the "situation after the Crimean War" is abnormal. The insistence with which it violates the spirit and letter of the C.I.S. shows that Ukraine is feeling the loss of its rights to Crimea through the absolutely obvious unconstitutionality of the 1954 decree on its transfer. Dependent on support from nationalists today's Ukrainian post-communist leaders understand that in the historic perspective, Russia will become aware of its national interests, and for this reason, they are striving to become a **military power** before that moment arrives, so that fear of the "Yugoslav alternative" will force Russia to stand down. But in reality, there is little that this will change. It is impossible not to notice that from the very beginning, it was exactly **Kiev's position** that transformed the C.I.S. into a simple protocol of intentions whose observance is not obligatory. Those who, either out of naivety or cunning, insist that in the current situation we can count on constructive cooperation and zamireniye with Kiev as long as we don't "stir up" the problem of the Crimea and Sevastopol, are mistaken. Alas, everything points to the opposite.

We must be aware of the fact that today, unfortunately, due to a combination of objective and subjective factors, forces have come to power on Ukraine's political stage whose have no meaning without their encouragement of all tendencies in the region work towards Russia's disadvantage, without playing on hopes for delivery from the "younger brother complex," without their demonstrative refusal to base their policy on the concept of a universal Russian Orthodox destiny. When extreme anti-Russian forces begin pushing for sharp and adventurous demarche, it is exactly this that will sober the enormous majority of the Ukrainian people and will show them the uselessness of this way. The demarcation that has already begun between people among regions with different attitudes towards the idea of a schism between a tripartite nation of Orthodox Russians and the prospects for tragic Slavic dissension will receive an even larger stimulus.

Rukh's extremists, who have no socio-political base in the Crimea, have declared that the Crimea must be "surrendered" to Crimean Tatar nationalists. The question of "equal" representation for all ethnic groups in the Crimea has already been discussed in the Ukrainian parliament. This would lead to monstrous discrimination against the Russian population in the Crimea, which in number exceeds the Tatars by many times. After all, the Tatars on the kurultay [congress] have declared that they, alone, have the right to self-determination in the Crimea. All this points to extraordinarily dangerous preconditions for the Crimea's transformation into a most complicated knot of interethnic conflicts and a running sore in Russian-Ukrainian relations.

But while they are closing their eyes to Russia's historically continuous, vitally important strategic and geopolitical interests, an inter-ethnic conflict could occur. Extremist forces will try to attract foreign "champions" of universal human values, and they will not fail to appear in the Black Sea to defend either the Crimean Tatars or "democracy" in the Crimea, where the population is clearly pro-Russian oriented. In this manner, an unprejudiced political analysis shows that this course, for objective and subjective reasons, is aimed towards tactical domestic policy advantages, and does not give any hope for a resolution that would not harm Russia's strategic interests and the population of the Crimea. A course like this is in deep contradiction to the strategic interests of Orthodox Ukraine-Rus', and is doomed to historical re-evaluation in the future. Failure to implement **forceful** policy under difficult conditions assures that the next resolution will resort to **force**.

And here, Russian policy in the national interest in no way signifies a policy of national egotism. Recognition of Sevastopol and the Crimea as Russian should not mean the presence of troops on the peninsula. All the more, as Sevastopol was withdrawn from the Crimean Oblast and made a city subordinate to the republic by a 1948 order; in other words, it was not transferred along with the Crimea in 1954, and continued to be financed by the RSFSR budget. Bargaining for Sevastopol is an encroachment upon Russia's territorial integrity and ability to defend herself.

Here, it should be emphasized in every way that from the historical perspective, a Russian Crimea and Sevastopol mean a common Crimea for the Russian Federation and Ukraine, the preservation of existing opportunities to utilize its wealth for the population of both Russia and Ukraine, and for both sides—strategic stability. A Crimea under Rukh's power would mean difficult changes for the population, the threat of military and strategic disequilibrium and an unpredictable international situation in the region. The next step could be a proposal to Ukraine to conclude a comprehensive treaty containing ratification of Ukraine's special interests in the Crimea. This could also be a treaty on military cooperation and mutual aid in defense from common dangers.

The Russian Federation's relations with the world that surrounds her united military-strategic space should be built on the basis of a distinct understanding of the geopolitical mission of the keeper of equilibrium between the West and the East in a hypostasis that is not one of blocs, but that is civilized. Russia is a Euro-Asian state where almost all the religio-ethnic systems are united in a system of constructive interaction that is unheard of in history. Russia, herself, is a kind of world unto itself, and should defend every part of that world. She will never become the West, as proselytes promise easily swayed Philistines, but she could be transformed, with the "aid" of neo-Kiplingites from the industrially developed North, into a backward South.

Only Russia's clearly expressed role as a strong Asian and Pacific Ocean power will give her force in European matters. And, conversely, preserving the fundamentals of European realities with the aid of a strong traditional European policy will allow her to maintain prestige in relations with her chief and most promising neighboring partners in Asia—China, Japan, Korea and Mongolia.

Stability and progressive development of the European idea were broken off by the far-reaching consequences of the USSR's collapse. There are influential forces in Western Europe that will approach Russia's new policy with understanding. Russia's strong traditional policy, despite the opinion now spreading, will bring order to European processes and some predictability, and will demonstrate potential opportunities in the East for European powers. Russia must realize the importance of the inalienability of the realities that grew out of Yalta and Potsdam and were confirmed in Helsinki. The status of Kaliningrad Oblast as an integral part of Russia should not be subjected to the slightest erosion. It is exactly from this point of view that all wide-ranging projects for creating free zones and a "European Hongkong" should be evaluated.

Responsibility for Western Europe's choice concerning Russia now lies, in many ways, with the new Germany. Because responsibility is one of the most important contemporary components of power. If the calculations of Shtrezeman and Ratenau, the estimates of Bullit and Harriman, which have justified themselves over the course of history, are victorious in the thinking of a powerful Germany, then Germany will find a new partner with an understanding of German traditions and interests, while Western Europe will acquire, in the form of a consolidating Russia, a factor of stability for the most West European tendencies.

This Russia does not contradict, but on the contrary, is in accord with the long-term interests of the future Germany of the 21st century, although within it there do exist forces which, voluntarily or not, facilitate a "new world order." But the result of this will be only an "etherocracy" for the owner of space-based weapons. Will Germany enjoy the role of instrument in a unipolar world ruled from space? Germany can and should form itself into a regional superpower, only adding to its, of course, inalienable Americanism an independent and historically predetermined "Eastern" policy, in which a

strong Russia should be looked upon as an important construction instrumental in building a Euro-Asian future.

Never in history has the antagonism between Germany and Russia brought valuable fruits to these countries, while the conflict between them has ripped the world with monstrous catastrophes. This speaks of the geopolitical necessity of interaction between these two supports of continental Europe that is constructive and, to a certain extent, independent from other forces. The drawing together of Russia and Germany in the last century gave support to Prussia and its persistent battle to "unite Germany from above" "with iron and blood." And, of vital importance, Russia gained Prussia's agreement to repeal the conditions of the Paris Peace, which, as the result of the Crimean War, had deprived her of her status as a Black Sea power. In the current period, Germany has already received Russia's support in unification and the acquisition of full sovereignty. How will Germany behave concerning Russia's interests?

During the Russian-Japanese War, Kaiser Wilhelm assured Nikolay II of his most benevolent feelings, and guaranteed calm on the empire's western borders (it was intrigues with the U.S.A. at the Portsmouth negotiations that contributed largely to the loss of South Sakhalin). The present era of Russia's relations with Japan also requires German loyalty.

In many ways, the question of whether the opinion prevails in German foreign policy that Russia and its inheritance are, in a broad sense, loot to be plundered, greatly depends upon Russia's vigilant and strong policy. The demonstration of a strong and responsible Russian policy in the Yugoslav drama could become an important factor. It is almost impossible to predict its resolution without a sober reevaluation by Germany of its unpromising "Serbophobia." A strong Russia could be of help here: one that can combine its own historical traditions and moral circumstances with a "new" component that takes into account German interests.

It is not impossible that the question will also be posed of whether to take action on the conflict-ridden territory of the republics of the USSR, which was dismembered in the same illegal manner as Yugoslavia, where internal borders were quickly declared international and inviolable. But the entire territory of the USSR is Russia's military strategic space, a fact of which NATO should be made aware, where the dangerous and secretive concept of a new goal has appeared—the export or projection of stability.

Not only Europeans, but the U.S.A., as well, should understand that Russia's traditional policy will keep the world from slipping towards a global restructuring (a term that has regrettably become synonymous for catastrophe). The Wilsonian mentality of revolutionary times based its democratic expansion on the absence in the world, in continental Europe and Asia, of any serious political forces other than Anglo-Saxon "Atlantism."

Today, the neo-Wilsonian mentality is a provocation not only for Russia, but for a world where forces are interacting that, it seems, politicians abroad underestimate. Although the historic Russian state is suffering a collapse, the processes taking place within it cannot be considered complete. The international situation and the balance of power is completely different from what it was in the times of a ruined Europe and Versailles. But in 1918, a destroyed Russia and Germany threw a wrench into the calculations of the then-forming Atlantic domination. (It was not without the secret influence of those forces that Germany and Russia clashed in war.) And now, Germany, which, in the apt words of O. von Bismarck, "only needs, one might say, to be put in the saddle to learn to gallop," is strong as never before, and it needs a counterweight.

Russia needs a new East Asian and Pacific Ocean policy. At its core should be a relationship with China as its main partner not only in the region, but in the wider global sense, as well. Despite the long confrontation, the positive potential in the history of Russian-Chinese relations is much more powerful than the negative. Many of the two powers' positions are similar. The fall of the USSR and the move on the part of former republics bordering with China towards independent relations, as well as the weakening for ideological reasons of Russian positions in Mongolia, Vietnam and North Korea, complicate regional relations. But both countries' interest in preserving both Russia and China's integrity is a very important factor in Russian-Chinese interaction. There are more than just historical roots to this interest. The processes of disintegration in the Far Eastern regions of Russia, along with similar tendencies in the border portions of China, could have a mutually stimulating influence that would provide a new impulse for factors like pan-Mongolism.¹

The unpredictability surrounding the unification of the Korean state also impels both China and Russia towards a single approach towards preserving the integrity of the results of the world war in the Far East. China and Russia are reliable partners in observing the inviolability of the decisions of the Yalta Conference on the Far East, that is, confirmation of the status of Outer Mongolia, South Sakhalin's return to the USSR, and the Soviet Union's ownership of the Kuril Islands.

Along with this, China's objective growing weight as a military force and nuclear power with incalculable human potential should always be taken into account, as one that, with Russia's acute weakening could, as always happens in history, give rise to expansionism.

Irresponsibility concerning the principle that the results of Second World War are inviolable—the basis for all postwar international relations—can only lead Russia's relations with Japan to a dead end. But it is exactly this principle that should be made the basis of the new era in Russian-Japanese relations, and the term "return" in regard to the object of territorial claims made by the postwar Japanese state is forever stricken from the

official language of Russian state employees, as the term, itself, is a conceptual revision of the results of the war, which signifies an indirect recognition that the new Japan is the continuation of the Japanese state that unleashed and lost the war.

Professionals and state activists should know that neither the Federal Republic of Germany, nor Japan, nor the unified Germany have continuity as prewar states, and that their rightful successorship is limited by the decisions of powers bearing four-way responsibility. This ensues from the legal interpretation set out in the postwar settlement of the principle of full and unconditional capitulation. Simple capitulation would have only meant an admission of defeats in military actions, and the victorious powers, themselves, as legal parties would have held negotiations on conditions for peace. Full and unconditional capitulation means the dismantling of the former state as a political institution, its loss of sovereignty and all government powers. The new states were created under conditions of allies in new borders, with new constitutions and new organs of state power. If one is to recognize postwar Japan's right to prewar territory, how can we guarantee that in the future, Germany won't make claim to the territory of the Third Reich!

The concept of security and an historically continuous foreign policy for Russia excludes military adventures. Within its bounds, a power's interests can only be achieved through an entire complex of natural diplomatic, political and economic means. Nobody in Russia grieves for the era when the state efforts of the USSR were wasted to a significant degree on "broadening the zone of communism" provoking fear and opposition from the West. But is important for Russia, and anyone else in her place, that Poland, for example, not behave towards Russia as it did in the time of Y. Pilsudski, that nobody threaten her legal interests in the Baltics, which assumes there, possibly in a different form than before, a necessary naval presence.

The military-strategic dimension is present in such an approach not as a reflection of aggression, but as a component that retains significance in the contemporary world. We must gradually become aware that Russia will not participate in all of the U.S.A.'s entirely imperial actions in the international area, in spite of her own interests. Russia has her own interests in the Near East, in Asia and Africa, that do not coincide with American interests. And here it should be announced clearly that the era when our state competed with the United States for spheres of influence all over the world, placing our stakes on dubious regimes that often got out of control, has irrevocably disappeared into the past. Russia's tasks are the natural assurance of its historical borders and interests, the defense of its military-strategic space. Russia must now, as in the last century, "concentrate herself" and work on becoming stronger.

Only careful preservation of her own historical inheritance can make the statist strategy a means for the country to prosper and reinstate her role as the keeper of

equilibrium for the "blooming complexity" of a varied world that is threatened by a single standard and system of administration. If we do not want to become the "common men" that a horrified Dostoyevskiy warned us of in the last century, we must understand the **Russia is neither East nor West. The world needs her as nothing more than Russia, and that is how she must stay.**

Footnotes

1. Cited from: S. A. Gorlov. SSSR i territorialnye problemy Litvy [The USSR and Lithuanian Territorial Problems]. "Voyenno-istoricheskiy zhurnal". Moscow, 1991, No 7, p. 28.

2. "Pod styagom Rossii" [Under Russia's Banner]. Sbornik arkhivnykh dokumentov. Moscow, 1992, p. 122.

3. See "Problemy Dalnego Vostoka," 1992, No 5.

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Problems in Treatment of Russian Citizens Perceived

Incidents of Deportation Eyed

944Q0072A Moscow KOMMERSANT DAILY
in Russian 10 Nov 93 p 14

[Article by Boris Klin: "Russian Tourists Barred From Netherlands: Air Passengers Were Not Even Able To Get To Know Airport"]

[Text] *Late in the evening of 8 November, a group of Russian tourists arrived in Moscow from Amsterdam after having been deported by Dutch authorities. This is not the first such action with respect to our fellow citizens—in late June something similar occurred on the border of Slovakia (KOMMERSANT DAILY wrote about this on 2 July). Of late Russian citizens have more frequently found themselves declared persona non grata abroad, and one can already speak of this as a phenomenon*

What Happened in Slovakia

During the week of 20 June, a group of Russian citizens were more than once subjected to deportation on the part of Slovakian authorities. These acts were accompanied by blatant use of force by the police. When a KOMMERSANT DAILY reporter asked the Russian MFA [Ministry of Foreign Affairs] for its reaction to these incidents, sources at the Department of Czechia and Slovakia replied that, following a series of articles in Russian newspapers, the MFA had expressed its "bewilderment" to the Slovakian ad interim Charge d'Affaires in Russia. Moreover, the Russian MFA pointed out to its embassy in Bratislava shortcomings in its work with complaints and appeals of [Russian] citizens. The Russian MFA has embarked on extensive negotiations on concluding a Russo-Slovakian agreement on non-visa

entry. The talks have been going on for several months, but thus far nothing has been concluded.

The tourists deported by Dutch authorities last Monday had arrived in Amsterdam on 7 November by way of the Sputnik Tourist Agency (former bureau of Sputnik International Youth Tourism)—a firm which had been operating in this market for a long time. According to the chief of the Sputnik marketing group, Stepan Vatov, all 20 persons had visas from Dutch authorities, issued by the embassy in Moscow and valid through 1 January 1994. The tourist group was met by representatives of a Dutch tourist firm which has a contract with Sputnik.

However, as Mr. Vatov stated, the tourists did not even reach the Schiphol Airport terminal. Police met the Aeroflot liner right on the runway and suggested that the Russians go back. The police backed up their suggestion with kicks and clubs. It goes without saying that the police did not allow the Russians to contact the embassy. Dutch authorities lodged no official complaints whatsoever against the Russian tourists at the airport. According to Mr. Vatov, it was only upon the return of the Sputnik group that he received a more-than-strange fax from the Aeroflot representative, in which the deportation was explained by the lack of a German visa, which is required when arriving by train. Mr. Vatov expressed his bewilderment and reported that he has informed the Russian MFA of what had happened to Sputnik. The Dutch embassy has declined to comment, merely alluding to fears of illegal immigration.

Vladimir Naydenov, chief of the corresponding department of the First European Administration, Russian MFA, also declined to comment, citing the need to verify the information received from Sputnik. Incidentally, this is the usual reaction of the MFA in such situations. Russian diplomats very rarely make a diplomatic demarche in cases of the violation of the rights of Russians, and then most often—under pressure of the press. And one highly-placed official in the Russian MFA even admitted that he cannot imagine such actions being taken with respect to Americans.

The recent arrest in London of General Oleg Kalugin; the people involved in the incident with the Russian vessels, of which KOMMERSANT DAILY has reported in depth; and the most recent deportation—all of this confirms once again the idea that Russians abroad are gradually becoming third-class citizens.

Attitudes of Foreign Embassies Criticized

944Q0072B Moscow KOMMERSANT DAILY
in Russian 10 Nov 93 p 14

Commentary by International Life Department

[Text] This incident is a gross violation of ethical norms and international law. The Russian citizens who arrived in Holland had entry visas, and this of itself testifies to the lack of complaints against them by the Kingdom of the Netherlands. Moreover, no intelligible argument in

favor of immediate deportation by the police was offered. The very actions of the police went beyond the bounds of decency. To all appearances, the Russian Embassy knew nothing about the incident, although in accordance with international law it should have been notified and should have protected its citizens.

The most likely reaction of Russia to the heavy-handed actions of the Dutch police will be limited to a note from the MFA with a statement on the inadmissibility of such actions with respect to Russian citizens. But in the final analysis, the decisive argument in such instances is the nation's capability to influence the situation by more effective political and economic measures. For now Moscow apparently does not have enough of such arguments—or else deliberately refuses to resort to them.

Meanwhile, Russia is obligated to guarantee its citizens consular protection. The *moreso*, since incidents of blatant and crude treatment of its citizens on the part of foreign authorities is becoming the norm. And not only abroad, but even close to the Kremlin. A number of embassies in Moscow are distinguished by such attitudes toward Russians applying for visas, which border on humiliation (And KOMMERSANT DAILY will not doubt return to this problem). For example, at the consular department of the Embassy of France, the letter of the law must be followed strictly, or else the "garcon" stationed at the entrance makes it painfully obvious to "all you who enter here" [Dante, "Inferno"] that they are third-class citizens. In many other Moscow consulates it seems at times that the official procedure is especially designed to ensure that as few Russians as possible become guests in the corresponding countries. The Dutch police were simply acting more openly.

Ukraine's Security Fears Over START Viewed

94WC0017A Moscow LITERATURNAYA GAZETA
in Russian No 47, 24 Nov 93 p 1

[Article by Sergey Rogov, president of the Center for National Security and International Relations: "Ukrainian Nuclear Missiles, Targeted at the Skies, Could Alter the Balance of Forces on Earth"]

[Text] The amendments that deputies of the Supreme Council of Ukraine made in ratification of the START I treaty could upset the balance of forces in the world.

The consequences of the step taken by Ukraine have not been recognized with us as yet, unfortunately. The point being that we are present not simply during Ukraine's revision of its former position in respect to nonnuclear status. A new nuclear power, a nuclear superpower, even, is being created before our eyes. After all, in terms of the quantity of strategic nuclear arms deployed on the territory of Ukraine and declared by the Supreme Council to be its property, it is today entirely comparable with what the Soviet Union had 25 years ago, in the period when the Soviet-American negotiations that led in 1972 to the signing of the SALT I treaty began. Even following the

reductions to which the Ukrainian leadership has consented, Ukraine will have more nuclear arms than Britain, France, and China put together.

Why has this happened? Why has Ukraine renounced its former positions? Such an outcome of events was, I believe, to have been expected. The commitment to the adoption of nuclear-free status was made by Ukraine in the period when the struggle for sovereignty was under way. Ukraine was not an independent state at that time. The situation changed drastically following the disintegration of the Soviet Union, when the formation of new independent national states began, and Ukraine, like any other state, is taking the path of recognition of power factors, primarily military-power factors, as the basis of its position in the international arena and status in the system of international relations. And if Russia, the United States, and other nuclear states are not about to give up their nuclear arms—it is only a question of a reduction thereof—why should we expect any different a position of Ukraine? The formation of a new independent state, when its position is still quite fragile, is evoking in Ukrainian political circles—and not only among nationalists—an aspiration to rely on some power levers. Nuclear weapons under these conditions are coming to be perceived as a guarantor of Ukraine's independence and as a means of deterrence against interference in its internal affairs.

From Russia's viewpoint, such a development of events is, naturally, extremely undesirable. After all, this means that Soviet nuclear weapons have not one successor—Russia—but two and, possibly, three, considering that Kazakhstan also is refusing to recognize the nuclear weapons on its territory as Russian property and is essentially, albeit with a certain lag, taking the route carved out by Ukraine. Thus, Russia will become the sole state in the world that will have on its borders three nuclear neighbors, counting China. This geostrategic situation could have extremely negative consequences if account is taken of that entire complex of territorial national border contradictions that exist even now and that could emerge for Russia with its neighbors in the future.

Ukraine's step will have negative consequences also for the system of international relations as a whole. After all, the appearance of a new nuclear power or superpower, even, is a most severe blow to the status of the Nuclear Nonproliferation Treaty, which is already experiencing the strongest pressure as a result of the actions of North Korea, Iran, Iraq, India, and Pakistan as it is. How might the world community impede the nuclear ambitions of some states and agree to the acquisition of nuclear weapons and nuclear status by others? The logic of the Nonproliferation Treaty is confounded, and it may be expected that at the conference reviewing this treaty, which is scheduled for 1995, Ukraine's actions will be used by many opponents of a continuation of the non-proliferation regime to undermine it and to deny an extension thereof. In addition, in the new multipolar world that has come to replace the bipolar system of the

cold war period, the prospect of the proliferation of nuclear weapons would bring about an abrupt destabilization of the situation. Use of the nuclear factor to become a power center could make the process of the preservation of stability in the multipolar world practically unmanageable.

It has to be said that the Ukrainian leadership's decision represents a most important miscalculation of Russia. Two years ago at Belovezhskaya Pushcha, and in subsequent agreements of the CIS, the question of ownership of the nuclear weapons was avoided. Nebulous, essentially meaningless wording of the "unified control over nuclear weapons" type was employed instead. Under conditions where each republic had become a full successor of all Soviet property on its territory, such wording could not have prevented a division of the military inheritance among the republics, and now, it is becoming clear, the nuclear inheritance also.

For a long time, unfortunately, the Russian leadership ignored the problem, putting its faith in the United States and the West forcing Ukraine to abandon its claims. But this did not happen. And Russia itself contributed to the increased suspicions in respect to itself in Ukraine, making territorial demands, inflating the conflict over the Black Sea Fleet, and using economic levers as a stick in relations with Ukraine. All this played into the hands of the circles in Ukraine that are doing everything possible to rid themselves of the Chernobyl syndrome and build Ukrainian sovereignty on the classical factors of power politics.

Argentina's Envoy on Russo-Argentinian Ties

944Q0083A Moscow LATINSKAYA AMERIKA
in Russian No 10, Oct 93 [Signed to press 25 Sep 93]
pp 34-38

[Interview with Argentinian Ambassador Extraordinary Plenipotentiary Juan Carlos Olima, by V.N. Krestyaninov and I.K. Shatunosovskaya: "Carrying Out Radical Changes Requires Political Courage"; date and place not given]

[Excerpts] [Passage omitted]

[Correspondent] Two years ago our magazine published an interview with your predecessor—Mr. Gaston de Prat Gay, which touched upon the state of Soviet-Argentinian Ties. Today the situation is altogether different. What is your analysis of the level of Russo-Argentinian relations?

[Olima] From the point of view of politics relations between our countries are superb. There are numerous examples of this; and, in particular, the correspondence of points of view on most questions being discussed at the UN. Both parties are showing interest in deepening bilateral ties. Of course, one cannot deny the fact that today Russia faces altogether different problems than she did two years ago. Above all, the urgent necessity of structuring the system of relations with her bordering states, which is always the primary link in the activity of

the MFA [Ministry of Foreign Affairs] of any country. But in the case of Russia it is a question of countries which, together with her, were formerly part of a unified state—the Soviet Union. Therefore, it is completely obvious that the Russian leadership, in turn, is focusing its efforts on that direction in foreign policy; which, and this is also natural, leaves questions of expanding ties with Latin America as somewhat of a peripheral issue.

Today Russia must develop a political line in her relations with major world powers with whom for over 50 years she was in a state of not only military-political but also ideological confrontation, when the two systems were in conflict with one another. Now the conflict has been overcome; therefore, in the new conditions it is necessary to develop another basis for relations as well, and to do this takes time. I refer to such states as the United States, Japan, the countries of the EEC [European Economic Community], China, and certain others. Latin America in the given instance remains on the periphery, which is also due to its geographical remoteness. But nevertheless, Russia has unequivocally declared her interest in regulating and expanding relations with our continent in the very widest realms—from politics to economics. For example, the Latin American market with its openness and quantitative indicators could have the greatest significance for Russia. Of course, one can find other major markets for selling and acquiring goods as well—and I have in mind India, China and so on; however, the political and economic conditions which obtain there are quite different. But in spite of everything Russia and Argentina are interested in deepening their mutual relations, and in expanding trade contacts. The volume of annual goods turnover between Argentina and the Soviet Union rarely fell below \$1.5-2.0 billion per year and even approached \$3 billion. Today it has declined significantly and does not exceed \$300-400 million, which is a very low indicator for the capacities which exist in both countries for mutual goods exchange.

[Correspondent] What in your view is hindering the expansion of economic relations between our countries?

[Olima] There are several reasons. The first consists of the fact that Russia has put an end to the previous system of relations, which was completely centralized. Under that system foreign trade was carried out in strictly-defined channels, and the need to seek other routes never arose. But today the system is completely different: one must find both buyers and sellers by one's self, and this too takes time.

The second reason is the difficulties and crisis phenomena in the Russian economy. The country is experiencing a stage of global economic change, which has brought about a crisis; and this, in turn, leads to instability in the sphere of economic legislation as well. In the last year alone decrees issued by the Russian Government radically changed the previously-existing laws; for instance, in the sphere of customs duties and taxes. Therefore, in such a situation—and I speak from my own

experience—it is very hard to establish stable trade relations between our countries.

[Correspondent] Besides which, in Argentina little is known about the concrete conditions for working in the Russian market...

[Olima] Without a doubt that is one of the significant hindrances. It is for just this reason that our embassy is doing everything possible to obtain the maximum amount of information about the new laws and then present this information to Argentinian entrepreneurs who are interested in moving their products onto the Russian market.

On this plane, I believe the "Argentina House," which we recently registered officially in Moscow, will play a positive role. This is a kind of Russo-Argentinian association which does not pursue commercial goals; its purpose is to create a certain kind of functional structure for rendering assistance in the activities of Argentinian entrepreneurs in Russia. The association plans to offer them the necessary accommodations, services, translators, transportations, means of communication and so on. Moreover it has set for itself the task of gathering the maximum amount of complete information on the possibilities of acquiring goods in Russia, or exporting them to Russia, along with the specific addresses of the enterprises. Let me give you an example. The former Soviet Union used to supply medicinal compounds to Argentina required by our pharmaceutical industry. Perhaps these are not being produced in Russia at all today, but in the states contiguous to her. And you see, one has to know these things; the *moreso*, since our needs for medicines have not diminished. And so these are the kinds of goals "Argentina House" has set for itself.

[Correspondent] Who is taking part in the work of the association on the Russian side?

[Olima] We are still at the formative stage. A specially-created commission of ten persons—five representatives from each side—has been commissioned to draw up the necessary documentation. When the formalities have been completed, we shall invite to the first meeting interested persons from both sides, so that they can independently find partners for themselves. For now, V.I. Morozov, an MFA official who used to work as a trade representative in Argentina, and P.A. Boyko of the Institute on Latin America, are actively assisting us; that is, people who by virtue of their activities have been associated with the Latin American region for many years. And I must say that we have found the most active support on their part. Various governmental structures—the MFA, the MVES [Ministry of Foreign Economic Relations], Ministry of Justice, and other institutions—have rendered great assistance to us. All this permitted us to complete the preparatory stage quite successfully.

We have been receiving assistance from the Argentinian side as well. For example, the leadership of the Province of Buenos Aires has allocated quite a significant sum for

carrying out repair work in the building granted to the association. If everything goes as planned, the official presentation of the "Argentina House" association will take place in October.

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Russian, Japanese Positions on Kurils, Solutions Examined

944Q0071A Moscow ROSSIYA in Russian
No 46, 10-16 Nov 93 p 7

[Article by Oleg Khlestov, professor of international law and ambassador extraordinary and plenipotentiary, and Kirill Cherevko, doctor of historical sciences and expert in oriental studies: "Kuril Sufferings"]

[Text] During B. Yeltsin's visit to Japan in October 1993 it was agreed to continue negotiations on the Kurils. What are the parties' positions and, most importantly, the paths that could help lessen the confrontation on this issue between Japan and Russia?

Japan, having perpetrated aggression, was routed in World War II. South Sakhalin and also the Kuril Islands, including Iturup, Kunashir, Shikotan, and Habomai, were occupied by the Soviet Army. In 1946 they were incorporated in the USSR and are now a part of the Russian Federation.

Japan is seeking the return of its so-called northern territories. Its main aim is to obtain Iturup and Kunashir (in addition to Shikotan and Habomai).

Japanese Position

JAPAN'S ARGUMENTS ARE AS FOLLOWS:

1. References to history: Iturup, Kunashir, Shikotan, and Habomai had been assimilated by the Japanese. Japan's treaties with Russia of 1855 (Shimoda), 1875 (Petersburg), and 1905 (Portsmouth) recognized them as belonging to Japan.

The wresting of these islands away from Japan is contrary to the terms of Japan's surrender specifying the wresting away merely of territory "...which it captured by force and as a result of its greed."

2. Iturup, Kunashir, Shikotan, and Habomai are not part of the Kuril Islands, which it relinquished in accordance with the San Francisco Treaty of 1951.
3. The San Francisco Treaty did not indicate to whom the Kuril Islands wrested from Japan were to be transferred, consequently, the Soviet Union's annexation of the said territories did not enjoy international recognition, and Russia has no rights to them.

To what extent are these arguments justified from the viewpoint of the principles of legality and justice?

PRINCIPLE OF LEGALITY AS APPLIED TO THE KURIL PROBLEM MEANS:

- a) how far do the positions of Russia and Japan correspond to the generally recognized principles and rules of international law?
- b) what are the parties' international obligations in respect to the Kurils and the legislation putting them into practice?
- c) what are the international obligations of third countries in some way connected with the Kuril problem?

The assertion of the Japanese that they were the first to assimilate the Kurils is arguable: The Russians also participated in this process. But it is not the question of the historical affiliation of Iturup, Kunashir, Shikotan, and Habomai which is of most importance in the determination of their fate—it was decided as a result of World War II.

Certain measures, including the punishment of war criminals and the wresting away of part of the territory, were applied to Japan as the aggressor state. All this corresponded to the principles and rules of international law, which were enshrined in international treaties of World War II, the acts of surrender of Germany and Japan, and the decisions of the Nuremberg and Tokyo tribunals. The UN Charter confirmed the legality of the actions taken in the course of the war against the former enemy states, Japan included.

1. Japan's assertions that the wresting away from it of the Kuril Islands is illegitimate inasmuch as they belonged to it historically and were not captured with the use of force are at variance with the agreements on the postwar settlement in the Far East. This can be seen from the San Francisco Treaty and the material of its preparation.

Thus India was opposed to the United States' proposal that Japan forfeit sovereignty on the Ryukyus and Bonin, which, as the Indian Government observed, had not been seized by Japan by way of aggression and whose population had historically been linked with Japan. In response to India the United States declared that the Potsdam Declaration, on whose terms Japan surrendered, specified the wresting away from Japan not only of territories it had seized with the use of force but also territories that were a part of Japan. This same interpretation of the Potsdam Declaration was made by J. Dulles, representative of the United States, at the San Francisco Conference. He declared: "The renunciations contained in article 2 of chapter II..." (he is speaking of the article of the treaty providing for Japan's relinquishment of all rights, titles, and claims to a number of territories, to the Kuril Islands included) "...are strictly and scrupulously in accordance with... the Potsdam... terms of surrender." Proceeding from this, a number of islands, including the Southern Kurils, the Ryukyus, Ogasawara, Daito, and others, which it had not seized prior to World War II, were wrested away from Japan. It

also relinquished rights in Antarctica, which had arisen as a result of the activity of its citizens, which had in no way entailed the use of force.

Having ratified the San Francisco Treaty, Japan thereby recognized the legitimacy of the wresting away from it of territories. Abridgment of the territory of the aggressor state was also confirmed by the practice of postwar settlement in Europe, specifically in respect to Germany, which was enshrined in many international treaties. Under these conditions references to the history of the Kuril Islands and to how their fate had been decided by Russo-Japanese treaties are unjustified....

2. Denying that Iturup, Kunashir, Shikotan, and Habomai are part of the Kuril Islands, the Japanese maintain that they or, at least, Shikotan and Habomai were part of Hokkaido Prefecture. But acts of the administrative division of Japan and also geographical material show that Iturup and Kunashir were part of Tishima Province (the Kuril Islands). This is an annex to Decree 734 of the prime minister of Japan of 15 August 1869. In 1885 Shikotan also was incorporated in the Kurils. Habomai also became a part of Shikotan District under the name of the Shikotan Islands. Up to the latter half of the 1950's Iturup, Kunashir, and Shikotan were a part of the Kuril Islands, which, as a rule, was reflected on Japanese maps of the administrative division of Northern Japan. In a number of instances on Japanese maps published prior to 1961 the border between the islands of the USSR and Japan was drawn between Habomai and Shikotan and even between Hokkaido and Habomai.

At the end of the 1920's Habomai was excluded from the Shikotan District of Tishima Province (the Kurils), included in Hokkaido Prefecture's Hanasaki District, and came to be depicted on geographical maps within it under the name of Suyshe [name as transliterated] (right up to Japan's surrender in 1945).

Following the surrender, the provisions of the Potsdam Declaration confining Japan's sovereignty to its four main islands and "such islands of lesser size as we (that is, the allies) determine them" came to be implemented. Directive 677 of 29 January 1946 of MacArthur, commander of the occupation army, pointed out that the Kuril Islands, including Iturup, Kunashir, Habomai, and Shikotan, were excluded from the territory of Japan (with the reservation, it is true, that this was not a final decision).

The USSR's position that Kunashir, Iturup, Habomai, and Shikotan are a part of the Kuril Islands, which should be transferred to it in accordance with the Yalta Agreement, was reflected in an appeal to H. Truman on the areas of the capitulation of Japanese armed forces upon the landing of Soviet troops on these islands prior to their incorporation within the USSR. In practice the United States also treated the said islands as subject to transfer to the USSR. H. Truman, while opposed to a

separate occupation of Japan, did not object to the exclusion from the zone of joint occupation of Iturup, Kunashir, Shikotan, and Habomai, which distinguished their status from the rest of the territory of Japan. Directives of the allies to the Government of Japan specified that Iturup, Kunashir, Shikotan, and Habomai were not a part of the territory of Japan (Directive 1033 of 26 June 1946). In 1946 the said islands were incorporated within the USSR. The Japanese were repatriated from the islands to Japan in accordance with an agreement between the Soviet and American military commands concluded in 1946 and in accordance with Directive 1421 of General MacArthur of 23 December 1946. Settlement of the islands by Soviet citizens began in this period. The United States recognized the legitimacy of these actions of the USSR.

Japan complied with the allies' instructions concerning the exclusion from its territory of Iturup, Kunashir, Shikotan, and Habomai.

This was reflected, for example, in imperial rescripts 651 and 652 of 22 November 1945 concerning the creation of an agency for assistance to the repatriates from South Sakhalin and the Kuril Islands, including Iturup, Kunashir, Shikotan, and Habomai. In March 1949 the Japanese Foreign Ministry issued an official digest of documents, which included a diagrammatic map of the areas under the administrative control of the Japanese Government. The islands of Iturup, Kunashir, Shikotan, and Habomai were shown as being located outside of Japan.

An understanding of the term "Kuril Islands" was set forth in San Francisco. U.S. Representative J. Dulles declared on 5 September 1951: "The question of whether the geographical name 'Kuril Islands' mentioned in article 2 (c) includes the islands of Habomai has been raised. In the opinion of the United States, it does not. Were this, however, to give rise to argument, it could be referred to the International Court...." Thus a dispute could have arisen only in respect to Habomai. It ensued from Japan's statement at the conference that it recognized the incorporation of Iturup and Kunashir in the Kuril Islands, and the assertion that Shikotan and Habomai were a part of Hokkaido Prefecture was not taken into account. And after the San Francisco Treaty had been signed, the United States regarded it as providing for Japan's renunciation of Iturup, Kunashir, Shikotan, and Habomai in accordance with the Yalta Agreement. This can be seen from the correspondence between Senator Watkins and Dulles (Watkins' letter of 14 September 1951 and Dulles' response of 1 October 1951).

Japan's interpretation of this treaty was set forth by Kumao Nishimura, head of the Treaty Department of the Japanese Foreign Ministry. Speaking on 19 October 1951 as representative of the government at the ratification of the treaty, he declared: "The concept of the Kuril Islands contained in the treaty is interpreted as including both the northern and southern Kuril Islands."

Following the conclusion of the San Francisco Treaty, Japan began to compute its territory without the islands of Iturup, Kunashir, Shikotan, and Habomai. The islands were excluded from Japan's system of taxation and were not considered in the country's state budget or in legislation on suffrage and fishing. A number of rulings of Japanese courts proceeded from this also (verdicts of the court of Koshiro of 21 April 1969 and a court in Sapporo of 6 November 1969 on Japanese fishermen's violation of fishing rules). Administrative acts (notice A-438 of 19 April 1952 of the director of the Justice Ministry's Civil Affairs Department) which determined the procedure of registration in metropolitan areas of Japanese subjects who had formerly resided on territories which were outside of the confines of Japan operated also in respect to persons who had previously been resident on Iturup, Kunashir, and Shikotan.

Subsequently, on 6 March 1970, Japanese Foreign Minister K. Aichi declared that the government now believed that the South Kurils were not a part of the territories that had been wrested away from it and that Japan's change in position on this issue had commenced as of the end of 1955-start of 1956.

The U.S. Government supported this line of the Japanese Government. This was reflected, specifically, in a statement of its State Department of 7 September 1956, which said: "Following a careful study of the historical facts, the United States has concluded that the islands of Iturup and Kunashir (together with the islands of Habomai and Shikotan, which are part of Hokkaido) have always been part of Japan proper and should by right be recognized as being under the sovereignty of Japan." And although this was done to support Japan, it followed therefrom, nonetheless, that Iturup and Kunashir were seen as being a part of the Kuril Islands.

Japan's assertion that Russia has no rights to the Kurils inasmuch as the San Francisco Treaty did not specify to whom they should be transferred and that the possibility of Japan's advancement of claims to these islands follows from this is without foundation. The absence in the treaty of the provisions to which Japan alludes does not endow it with any rights in respect to the Kurils since it had in accordance with the treaty relinquished "all rights and titles" to these islands and undertaken not to advance claims to them. And in accordance with the principle of international law: "treaties must be observed," Japan should comply with this undertaking.

The Kurils are not, incidentally, the sole territory wrested away from Japan in respect to which the San Francisco Treaty does not specify to whom it should be transferred. Article 2 of the treaty, for example, says that Japan relinquishes the rights, titles, and claims to Formosa and the Pescador Islands, the Spratly Islands, and the Paracel Islands. But to whom they are to be transferred the treaty does not specify (just as in respect to the Kurils). And this does not alter their legal position, that is, does not afford Japan grounds for the advancement of claims to them.

Russian Rights

The rights of the USSR, now Russia, to the Kurils emerged as a result of the conclusion of the Yalta Agreement of 1945 and subsequent actions of the allies and Japan pertaining to its implementation.

Inasmuch as the USSR fulfilled its sole commitment in respect to this agreement—entered the war against Japan—it had every reason to believe that the United States and Britain also would fulfill their commitment—transfer to it South Sakhalin and the Kurils.

The actions of the allies confirmed that they had taken this path. For example, during the handover of the areas for the handover of the Japanese armed forces to the Soviet Army, on Kunashir, Iturup, Habomai, and Shikotan included (correspondence between the premier of the USSR and the president of the United States), the incorporation of these islands within the USSR and the resettlement from them of Japanese subjects to Japan, in accordance with an agreement with the Americans, what is more. This signified that the USSR had extended its sovereignty to the said islands, realizing rights it had acquired in accordance with the Yalta Agreement. The actions of the USSR in this case evoked no objections on the part of the United States or Britain, although it is known that in the instances where these states disagreed with the actions of the USSR they emphatically opposed them, an example of which was the objection by the United States and Britain to the Government of the USSR declaring on 21 July 1957 that Peter the Great Bay constituted inland waters of the USSR.

The draft San Francisco Treaty distributed by the United States on 29 March 1951 pointed out: "Japan will return to the USSR South Sakhalin and also all islands adjacent to it and will transfer the Kuril Islands to the Soviet Union." But the allies subsequently backed off from this. Thus the United States and Britain failed to completely fulfill their commitments in respect to the Yalta Agreement, not having completed in San Francisco the formalization of the USSR's rights to the Kurils specified in the Yalta Agreement and confirmed by their practical actions, which, as we all know, have particular legal consequences.

The question arises: Does the nonfulfillment by the United States and Britain of their commitments entail a loss of the rights that had emerged for the USSR from the Yalta Agreement as a result of its actions in respect to the Kurils in implementation of that agreement and in the light of the said response to them of the allies and also of the provisions of the UN Charter in respect to former enemy states? The answer to this is not unequivocal, but there is reason to maintain that the rights that emerged for the USSR recognized tacitly or by way of particular actions by the allies are not annulled as a result of the violation by the United States and Britain of their international commitments. The refusal of one state to fulfill its international commitments does not automatically deprive another state of the rights that had

emerged for it and that had previously been recognized over a certain period of time. Consequently, the USSR, now Russia, possesses particular rights in respect to the Kurils.

As far as Japan is concerned, the advancement of its claims to Iturup and Kunashir is a violation of its international commitments, which is contrary to the "treaties must be observed" principle.

The principle of justice in international relations is interpreted ambivalently. The Statute of the International Court of the United Nations points out that it may resolve disputes not only on the basis of international law but in accordance with justice also. But there is no practice showing how the court has applied this principle.

Under these conditions the principle of justice may be interpreted in respect to the Kuril problem variously. The Japanese side has already made an evaluation of the San Francisco Treaty, and the prime minister of Japan declared on 7 September 1951: "This is not a treaty of vengeance but a document of 'reconciliation and trust.' The Japanese delegation gladly accepts this just and magnanimous document."

The development of Russo-Japanese relations depends not so much on a solution of the territorial problem as on other factors: stability in Russia, the elaboration of legislation that stimulates foreign investments, Japanese included, and so forth.

In the years that have elapsed since 1956, when the state of war was terminated and diplomatic relations between the USSR and Japan were restored, 50 international treaties encompassing all spheres of relations, that is, more than with Britain, the FRG, and the PRC, had been concluded between them. Japan was in fifth place in this respect—after the United States, France, India, and Italy. The same is indicated also by the development of Soviet-Japanese trade: From 1957 through 1970 it grew from R15.4 to R652.3 million, from 1971 through 1980, from R733.6 million to R2,722,800,000, and from 1981 through 1991, from \$2 billion to \$6 billion.

Ways of Resolving the Kuril Problem

There are dozens of territorial disputes in the world, but, given a prudent policy on the part of the contending states, they do not usually prevent the development of relations between them. After all, Japan and China deferred a solution of the question of the Senkaku (Diaoyu) Islands which are disputed between them for politicians of the next generation, concluding in 1978 a peace and friendship treaty and developing Japanese-Chinese relations. Nor is the dispute with South Korea over the Takeshima Islands preventing Japan developing

relations with it. It would be prudent to pursue the same policy in Russo-Japanese relations also.

At the same time, on the other hand, it would be prudent to seek a solution on the territorial problem as well.

Statements of Russia and Japan, joint or separate, but simultaneously, could be made as immediate steps.

ON THE PART OF RUSSIA

The Soviet-Japanese Declaration of 1956 specified the transfer to Japan of Shikotan and Habomai following the conclusion of a peace treaty. In 1960 the USSR advanced additional conditions—the withdrawal of foreign forces from the territory of Japan. And although Russia has expressed its attitude toward the Soviet-Japanese treaties, a statement on behalf of the president of Russia concerning recognition of the legal validity of the declaration would be of positive significance.

ON THE PART OF JAPAN

A statement to the effect that Japan does not lay claim to South Sakhalin and the Kuril Islands and recognizes them as being part of Russia with the corresponding reservation in respect to Iturup, Kunashir, Shikotan, and Habomai.

Subsequent Steps

(although, depending on the situation, they could be implemented simultaneously with the foregoing steps)

Russia's official recognition of the existence of a territorial dispute with Japan in respect to Iturup, Kunashir, Shikotan, and Habomai. The statement should point out also:

that the parties proceed from the fact that the dispute concerning the affiliation of Iturup, Kunashir, Shikotan, and Habomai will be resolved by peaceful means in accordance with the principles and rules of international law and that they will step up the search for a resolution of this dispute.

that the parties will not exacerbate the situation in the area of the disputed islands or around this problem, will not make its resolution a prior condition in the consideration of other questions or multilateral relations, and will not link the development of relations between Japan and Russia in other spheres with the question concerning the territorial dispute.

Considering that the governments of both parties have various difficulties, the sole path remains a search for a temporary compromise: preservation of the legal status quo in respect to the territory and the recognition for Japan of certain rights on Iturup, Kunashir, Shikotan, and Habomai. For example, the demilitarization of the islands, the retention on them of mainly border forces, but with regard for their military-strategic significance for Russia, the creation of a free economic zone, and

joint ventures and the participation of Japanese subjects in economic activity on the islands. Where the territorial waters merge, the establishment of a temporary line of demarcation, stipulating that it does not predetermine the question of borders. For the elaboration of measures, the creation of a mixed Russo-Japanese commission, which would include also Russian and Japanese specialists and representatives of the local population.

It cannot be ruled out that Japan might not agree to such an approach. In this case Russia could implement certain measures unilaterally, setting Japan an example of a prudent approach (the "policy of mutual example" employed in international practice). The program of these measures should be carefully worked out from the viewpoint of the safeguarding of the rights and interests of the Russian citizens living on the islands.

KAZAKHSTAN

New Investment Fund Head on Denationalization, Privatization

944K0380A Almaty VECHERNIY ALMATY
in Russian 10 Nov 93 p 2

[Interview with Gabit Tokimbayev, general director of the Alatau-Invest investment privatization fund, by Natalya Zhdanova, under the "A Topical Interview" rubric; place and date not given: "If You Wish To Become a Proprietor"]

[Text] On 1 November, the republic started the process of the population's participation in privatizing state property through the method of issuing investment privatization coupons. The State Committee for State Property of the Republic of Kazakhstan has licensed the first investment privatization funds. What is going to happen at this phase of mass privatization; what are investment funds; and what is their relationship to the people in the general process of destatization and privatization—these were the questions I posed to Gabit Tokimbayev, the director general of the Alatau-Invest investment privatization fund. By the way, this fund was among the first to receive a license.

[Zhdanova] So, Gabit Adzharovich, we have mass privatization. What is that?

[Tokimbayev] First, let us go back to the main phases of the national program of destatization and privatization of property in our republic. The first phase of this program was privatization of housing; the second phase envisages small business privatization (through auctions and commercial bids) of service sphere enterprises with up to 200 employees.

Now we begin mass privatization with the participation of the republic's citizens. This is done by exchanging—through investment privatization funds—privatization coupons for shares of enterprises that are being privatized in various sectors of the national economy, with the number of employees ranging from 200 to 5,000.

Enterprises employing more than 5,000 persons will be privatized on an individual basis, with the participation of foreign investment (state holding companies).

This is all a part of the second phase of privatization, which is envisaged to be accomplished during 1993-1995.

[Zhdanova] What is the task of investment privatization funds in this?

[Tokimbayev] They have been created for the purpose of implementing the national program of destatization and privatization of state property. To be precise, the institution of investment privatization funds has been set up in accordance with the edict of the republic president. By its structure they are publicly held joint-stock companies whose charter members are nonstate

entities; the state may own up to 30 percent of their stock, or they are completely privately owned.

The goal and tasks of investment privatization funds (IPF) is to collect investment privatization coupons (PIC) from the population and subsequently to invest them in shares of enterprises being privatized; that is, a person invests his privatization coupons in some or other investment fund and then in the process of exchanging it for shares of enterprises becomes a shareholder and owner of that enterprise.

After the auctions sales of privatized enterprises in exchange for PIC's are completed, investment funds will in the future sell and buy shares of other joint-stock companies and investment funds, legal and physical entities. These kinds of operations with PIC's are conducted exclusively by investment privatization funds.

[Zhdanova] Gabit Adzharovich, tell us about your fund.

[Tokimbayev] The Alatau-Invest investment privatization fund was created on 6 October of this year; it is registered as a publicly held joint-stock company. Among the fund's charter members are major private construction companies, which have a solid reputation inside and outside the republic.

Alatau-Invest is one of Kazakhstan's major investment funds, with a charter capital of 258 million rubles [R]. We invest money in real estate acquisitions, development and refining in the oil, gas, and mineral extraction industries, power generation, processing sectors of the agro-industrial complex, the automotive industry and road building, and enterprises that provide air and maritime transportation.

[Zhdanova] Why did Kazakhstan choose a coupon mechanism for the population's participation in the process of destatization and privatization? I would like to know your personal opinion.

[Tokimbayev] Thanks to registered PIC's, which are entered into citizens' personal accounts, each citizen of the republic becomes an individual investor by participating in destatization. He gets back his share in the former state property; after that, it is the choice of each citizen as to which investment funds it is best to invest privatization coupons into in order to ensure profitability. The mass privatization model adopted in the republic is relatively different from the Russian one.

What is the difference? Unlike Russian vouchers, the coupons do not have an initial face value, and hence are protected from inflation. The coupons have the bearer's name on them and cannot be sold; also, their owners (republic citizens) cannot use them to purchase property (stock) of privatized enterprises other than, as I have already mentioned, through investment privatization funds.

Unlike in Russia, the Kazakh version precludes selling—a direct exchange for shares of privatized enterprises; this is aimed at preventing frenetic buying of shares of

individual enterprises and protecting republic citizens' coupons from unjustified devaluation. These substantive differences are codified in our Kazakh legislative and normative base.

[Zhdanova] In your opinion, what was the reason for the limitation of the quantity of PIC's used during the first stage of mass privatization?

[Tolkimbayev] Perhaps this was done in order to reduce the risk for coupon owners until the competitiveness of IPF's is determined. At subsequent stages, both the quantity of PIC's invested and the choice of investors will be a matter of individual choice.

[Zhdanova] Gabit Adzharovich, what will the cost in rubles be of one share of investment fund received in exchange for coupons?

[Tolkimbayev] Exchange of investment privatization fund shares will be conducted at the ratio established by the Statute on Privatization: Coupons issued by the State Committee for State Property of the Republic of Kazakhstan, that is, one share per 10 coupons.

A person who has invested coupons in Alatau-Invest will receive a registered certificate of standard form, which will indicate the quantity of coupons invested. The face value of an IPF share is determined as a percentage of the fund's capital. Now the shareholder becomes the owner of part of the IPF property, has a right to vote and to receive dividends in accordance with the number of shares he owns (one share equals one vote), and the right to part of the property at the fund's liquidation.

[Zhdanova] You said that foreign businessmen can participate in privatization. Can they establish investment funds, and does Kazakhstan have a favorable climate for foreign investment?

[Tolkimbayev] Foreign persons—both legal and physical—cannot participate in setting up investment privatization funds. This is specified in the statute on the IPF. However, as IPF's begin their operations, foreign investors may acquire their stock.

Despite the insufficiently stable state of its economy, Kazakhstan remains attractive for foreign investment. Proof of this is the guarantee for foreign-owned property in the event of nationalization, as well as unrestricted transfer of profits and capital abroad; also, the fact that there are no restrictions on foreign capital. All of this taken together is the reason that the number of enterprises with foreign participation is growing.

[Zhdanova] And the last question, Gabit Adzharovich. Like everybody else, investment funds probably already encountered problems....

[Tolkimbayev] Undoubtedly, we have to right now, at the first organizational level, draw attention to problems that in the future may hamper our activities. For instance, training personnel for investment privatization

funds, the stock exchange, brokerage offices, and other financial institutions in the securities market

The only organizations doing this today in Almaty are the continuing education institute for managerial cadres under the Cabinet of Ministers of the Republic of Kazakhstan, the Sana-Market consulting company, and the Managerial Personnel Consortium. Such cadres are especially needed by investment funds in the regions.

In addition, in the future, in addition to a stock exchange, we will see participants in the securities market operating outside of exchanges, as well as creation of dealer and brokerage firms trading securities on their own and on behalf of clients, thus ensuring a dynamic liquid market.

We will need to set up information support for securities market deals—consultations and recommendations, that is, to set up a specialized stock publication.

We need a communications network that will allow us to perform instantaneous operations regarding deals on selling and buying of stock and other securities, not only in republic regions, but also in the near abroad, and in the future in other foreign countries.

And, finally, we will need to form a public organization—an association of stock exchange specialists, which will protect and express their rights and interests, develop and submit to the parliament draft legislative documents that will advance the development of securities market and proper taxation.

Another thing I want to say is that the process of forming a civilized stock market in Kazakhstan will be lengthy, but it is inevitable and necessary. The funds should be prepared to work hard and remember the trust their rank-and-file stockholders have placed in them.

We suggest that those who want to get more detailed consultations on investing privatization coupons call us at Alatau-Invest. Telephone numbers are 42-14-29, 53-03-84.

TURKMENISTAN

Niyazov Officiates at Military Institute Opening

944K0092D Ashgabat WATAN in Turkmen
4 Sep 93 p 1

[Article by B. Khallyyev: "Turkmenistan's First Military Institute Opened"]

[Text] Today is truly a moment of historical significance in the life of Independent Turkmenistan.

The military institute in Ashgabat was opened, and is training for the first time in Turkmenistan officer cadres faithful to Turkmenistan's own people, to the Fatherland and to Turkmenbashi for the national army of Turkmenistan.

President S. A. Niyazov, representatives of the Cabinet of Ministers, members of the government, the diplomatic corps including ambassadors from the United States, Russia, China, Turkey, and charges from Pakistan, Iran, Afghanistan, Rumania and other countries, and war veterans took part in the festivities devoted to this occasion.

A company of future officers in the parade ground where the military studies center of the military institute will be located.

The state flag of Turkmenistan was placed at the head of the celebratory march, and Turkmenistan's hymn resounded.

The S. A. Niyazov, president of Turkmenistan and general of the High Command of the country's armed forces, turned toward those gathered there with his speech. He congratulated the students and their friends on the joyous event.

The head of state reminded them that in its foreign relations Turkmenistan is a peace-loving country holding to positive neutrality, equality and non-interference in the internal affairs of other countries. Turkmenistan's military doctrine is only one of defence. "I said this when our country entered the UN and the became a member of the Commission on Security and Cooperation in Europe, and we will remain faithful to this principle in the future," S. A. Niyazov affirmed.

S. A. Niyazov, the founder of the Turkmen state and its first president, called on the students at the military institute, to master the military arts and become faithful defenders of the Fatherland.

"You are the successors to the great commanders on Turkmen soil—Oguz Khan, Goroglu, Jelaletdin Mengiberdi, Keymir, and Govshut Khan, and their names will remain forever in the history of our people," said Turkmenbashi.

S. A. Niyazov, supreme commander of the Armed Forces of Turkmenistan, reported that Lieutenant General D. A. Kopekov, Turkmenistan's minister of defence, was appointed the first rector of the military institute in addition to his other duties.

Turkmenbashi expressed his belief that the military institute would turn into the center for the training of officers for the Armed Forces of Turkmenistan, and that those educated at it would increase the military prowess of their forefathers and that it would make a major contribution in the strengthening of Turkmenistan's defence ability.

Students at the military institute M. Animetov and A. Atabayev, company commander Captain A. Khojagulyyev, and chairman of the war veteran's committee, the writer S. Atayev spoke and expressed their gratitude to President and Army General S. A. Niyazov.

They stressed the president's major contribution in establishing Turkmenistan's armed forces, and proposed that the name of Turkmenistan's president be added to the military school.

The soldiers convinced the Chief of State that the national army would always guarantee the sovereignty, freedom and independence of the Fatherland.

The company of future officers of Turkmenistan's national army marched by the tribunal in which were Turkmenistan's President S. A. Niyazov, Minister of Defence D. A. Kopekov and leaders of the country's government to the accompaniment of a march of triumph written for this occasion by the composer Veli Akhmedov.

S. A. Niyazov, while talking to Minister of Defence D. A. Kopekov, generals and other high-ranking officers, observed that the classrooms and barracks of the military institute had been created on the basis of the military faculty of the Magtymguly Turkmen State University.

The institute will train tank, communications, transport and general officers as well as border troops and chekists.

Those being trained at the institute will study civilian specialties in addition to military skills: electrical and mechanical engineering.

When talking with the students and their friends, they expressed interest in school conditions, and the material and technical supplies at the institute.

The president expressed his belief that the new learning institution would take all necessary measures to staff the institute with professors and teachers who were specialists from Russia, Turkey and other countries, and that the necessary living conditions were provided for students and workers at the higher military academy.

At this point the S. A. Niyazov, supreme commander of Turkmenistan's Armed Forces and president, talked with the Russian officers and their wives. He took an interest in their lives and interests, and expressed his gratitude to them for serving in the ranks of Turkmenistan's national army.

Turkmenistan's chief turned to the Russian officers and stressed that the military agreements which would be signed between Turkmenistan and the Russian Federation is a good and acceptable basis for the further cooperation between the armies of the two countries.

Turkmenbashi said: "Our relations with Russia are good, and we will develop these relations by all means."

"You will fulfill your duties to both Turkmenistan and Russia by serving in our country."

The President expressed his belief that in the future, relations between Turkmenistan and Russia will be in the spirit of constructive cooperation and mutual help.

Turkmenistan's national leader stated the hope to the Russian military officers that they would continue to serve in the ranks of Turkmenistan's army and that they would gain experience from it.

President S. A. Niyazov's speech, his meeting with the officer corps and the students, and the discussions conducted openly in a good atmosphere will remain in the memory of all the participants for a long time.

Presidential Decree on Supreme Commander of Armed Forces

944K0093D Ashgabat TURKMENISTAN in Turkmen 2 Sep 93 p 2

[Decree of President of Turkmenistan: "On the Introduction of the Duty of Supreme Commander of the Armed Forces of Turkmenistan"]

[Text] In accordance with Article 57 of the Constitution of Turkmenistan, I declare that the duty of Supreme Commander of the Armed Forces of Turkmenistan is to be introduced as of 31 August 1993.

S. Niyazov, president of Turkmenistan

Presidential Decree on Establishment of Military Institute

944K0093E Ashgabat TURKMENISTAN in Turkmen 2 Sep 93 p 2

[Decree of President of Turkmenistan: "On the Establishment of the Military Institute of the Ministry of Defence of Turkmenistan"]

[Text] With the goal of training officer cadres for the Armed Forces of Turkmenistan, the Border Troops and the Committee of National Security I decree that the Military Institute of the Ministry of Defence of Turkmenistan shall be established on the basis of the military faculty of the Magtymguly Turkmen State University.

S. Niyazov, president of Turkmenistan, Ashgabat, 1 September 1993

Appointment of Rector of Military Institute

944K0093F Ashgabat TURKMENISTAN in Turkmen 2 Sep 93 p 2

[Decree of President of Turkmenistan: "On the Appointment of Comrade D. A. Kopekov to the Post of Rector of the Military Institute of the Ministry of Defence of Turkmenistan"]

[Text] Let Lieutenant General Dangatar Abdyevich Kopekov, minister of defence of Turkmenistan, hereby be appointed to the post of rector of the Military Institute of the Ministry of Defence of Turkmenistan.

S. Niyazov, president of Turkmenistan, Ashgabat, 1 September 1993

Niyazov Stresses Close Relations During Rafsanjani Visit

944K0380B Almaty AZIYA INTERNATIONAL WEEKLY in Russian No 45, Nov 93 p 2

[Article by Marat Gurt, AZIYA: "When Times Are Difficult, Count on Your Neighbor for Support"]

[Text] "With respect to Iran, Turkmenistan will always act upon an unshakeable principle: 'When Times Are Difficult, Count on Your Neighbor for Support': From the speech of President of Turkmenistan S. Niyazov on the results of the official visit of President of the Islamic Republic of Iran 'Ali Akbar Hashemi Rafsanjani to Turkmenistan (from 22 to 24 October 1993).

ASHGABAT—"We have information loudspeakers that have been set up in the Kizyl-Atrek and Serakhta areas (Turkmenistan), which in good weather and with a favorable wind are heard on the Iranian side. The Iranian authorities have expressed their displeasure and in response intend to set up their own loudspeakers near our border. For the sake of preserving normal relations with the neighboring state (that is, Iran), we should..." This repo, dated 15 January 1994, comes from the declassified File No. 668 of the Turkmen SSR State Committee for Security. This anecdotal incident of the times just about passed demonstrates better than anything else the then-mutual need by the neighboring states to "maintain their distance." As you know, the world has dramatically changed since then....

The sunniest republic in the former Soviet empire which has a border 1,700 km long, having found itself in the "embrace of independence," has decided not to turn its back on its neighbor, even one with a reputation such as Teheran has. There is a saying here: One does not choose one's neighbors. For the sake of fairness, it should be said that officials from other common-border states also are frequent guests in the Palace of the Turkmenbashi—the "Head of All Turkmens" (by medzhlis decision, Niyazov was awarded this name by the people.—M.G.)

The Turkmenbashi is convinced that there should be nothing surprising about close relations between Ashgabat and Teheran. Everything is elementary. The explanation for it all is the century-long desire of the two peoples, the friendly platform of both states, and finally, the personal stand of the Turkmen leader. S. Niyazov remembers how 60 years ago his grandfather was exiled to Siberia just because he had traveled to Iranian provinces bordering with Turkmenistan.

Today the border zone has been turned into an "international bazaar." The notion of a "shopping tour" is now a familiar one. Each day, both Iranians and Turkmens take off for tourist trips by the hundreds. To buy each other's goods. The Iranian newspaper HAM-SHAHRI predicts that if this continues the same way, "Iranian factories will have to close." In turn, KON-TAKT, a Turkmen business newspaper, pointed out that "visiting performers," taking advantage of low local

prices for consumer goods, began to make a methodical clean sweep of the stores, making easy money in the process. In the opinion of the director of Mahsut Dek'han—an Iranian firm well known in the business world—this is a game well worth the candle. As he puts it, there is a good saying in the East: "He who trades does not war."

Western political leaders, who are used to living in one dimension, watch in astonishment and at the same time with apprehension the political regeneration of the post-communist East, where, as they believe, "attempts are being made to change everything without changing anything." Turkmenistan is a special case. Political stability, social populism, the Turkmenbashi's great-leader philosophy as a guarantor of state power, the policy of open doors, and positive neutrality have a right to exist, judging by their reaction. Only the "fraternization" with the odious Tehran leaves them anything but exalted: They keep seeing the "shadow of Khomeyni," with his mythology of global Islamic renaissance. The current Iranian leader, Hashemi Rafsanjani, is known as a great pragmatist in economic matters. As to revolutionary phraseology, he does not discard that, either. At a meeting with students in one of the institutions of higher learning in Tehran, the Iranian president said literally the following: "Islam has become a trend-setter in international development, while before the Islamic revolution in Iran, this religion was only seen in a historic key."

What do they think about that in Turkmenistan?

The spiritual head of Turkmenistan's Muslims, Kazi Nasrullah Ibn Ibadullah, is inclined to think that "Iran is attempting to break the international isolation in which it has found itself. Establishing relations with contiguous CIS countries and Russia, and development of all-round relations with them, help to change Iran's image in the international arena." Another Muslim figure, Khazretkuli Khanov, the imam of Ashgabat's largest mosque, in an interview to NEZAVISIMAYA GAZETA demonstrated a sensitive reaction to the fact that "there are increasingly more Iranian akhunds who strive to implant fanaticism in the minds of Turkmen." He himself is sincerely convinced, however, that sooner or later, all of the Asian states of the former USSR will turn to Islam, although not in the form it currently exists in modern (Shi'ite—M.G.) Iran. And here is the opinion of a well-known Turkmen philosopher, N. Kuliyeu. He is unequivocal in his appraisal: "Turkmen are not prone to fanaticism—expansion of Islamic fundamentalism into Turkmenistan is impossible."

The result of Hashemi Rafsanjani's recent official visit to Turkmenistan was the signing of 17 agreements in Ashgabat. Among them the experts singled out as the most important the "Declaration of Friendship and Cooperation Between Turkmenistan and the Islamic Republic of Iran" and, undoubtedly, the "Memorandum on the Construction of Western Europe—Iran—Western Turkmenistan Gas Pipeline." Hence, all dots have now been placed over the "i's" regarding the gas mainline,

which will go, despite Washington's admonitions, through Iranian territory. On top of that, the Iranians themselves are willing to purchase annually 4 billion cubic meters of Turkmenian natural gas. Earlier, S. Niyazov rejected other options for the line route (through the Transcaucasus and Russia): too expensive and too dangerous. The Ashgabat summit reaffirmed the adherence of the two countries to the principles of equality, respect for sovereignty, territorial integrity, noninterference in internal affairs of one another, and the norms of the UN Charter and international law. It also reaffirmed the right of each party to choose its own road of political, socioeconomic, and spiritual development. There was also complete unanimity with respect to the "Tajik conflict" and Tajikistan's internal affairs. A document was signed regarding the economy, trade, automotive and rail transportation, communications, culture, banking, and industry. Speaking of a potential Iranian "donor contribution" into the economy of the "developing neighbor," Hashemi Rafsanjani said it straight: "Turkmenistan is a rich country and does not need our aid. We will limit ourselves to credits for purchases of Iranian goods." (Of all CIS countries, Turkmenistan so far is the only one with a positive bottom line.—M.G.).

The program of the Iranian delegation's visit to our parts turned out to be quite busy. The president of Iran, accompanied by the president of Turkmenistan, toured the largest cities; they participated in the official ceremony of opening another crossing point between Turkmenia and Iran—the Artyk-Lutfabad cargo and passenger route. The high-level cortege also visited Taze El (The New Way) kolkhoz in Mary Velayat—the place of compact habitation of the Iranian diaspora, which since recently has borne the name of Hashemi Rafsanjani. By the way, the street on which the Iranian embassy in Ashgabat resides has been renamed into Tehran Street (at the opposite street [as published] is the temporary residence of the American embassy.—M.G.). As a sign of special respect and deference for the high guest, in addition to another Akhaltekin stallion he was presented with a symbolic rug portrait with his likeness, weaved by the skillful hands of Turkmen craftswomen. The official visit ended on a lyrical note. The president of Iran assured his "Turkmen brother": "As long as I live, relations between our countries will continue to improve."

Iran Proposes New Relationships With Turkmenistan

944K0092E Ashgabat WATAN in Turkmen
7 Sep 93 p 2

[Article by Turkmen Press: "Iran Proposes New Agreements"]

[Text] Products of more than eighty companies from the Islamic Republic of Iran are being shown at an exhibit to be opened at the central exhibit hall of Turkmenistan's

capital on 2 September. The governors of Iran's Mazandaran and Khorasan Provinces, representatives of Turkmenistan's Cabinet of Ministers, heads of ministries and leaderships, specialists from industry as well as Turkmen businessmen took part in the official opening.

B. Sarjayev, deputy chief of the Cabinet of Ministers thanked the guests in the name of President S. A. Niyazov. He said that friendly relations between Iran and Turkmenistan are being strengthened from year to year, and trade and economic relations are developing. This exhibit, the basic goal of which is the forging of new relationships, is once again proof of this.

Various consumer goods, including shoes, food products, textiles and fabrics, kitchenware and chandeliers, have been placed in the many pavilions. Some firms are displaying industrial products, refrigerators, gas stoves, television sets, construction materials, pharmaceuticals and medical equipment. There are also printed goods, not only in Persian but also in Turkish, Turkmen and Russian.

Industrial equipment and tools for agriculture hold a significant place at the exhibit. Turkmenistan's poultry growers have to be interested in the proposals of Iran's state company Yaran Production. In the belief of its representative, Ibrahim Vakil, the company is prepared to supply Turkmen partners all goods necessary for a poultry operation, including the technology for chicken breeding in order to initiate cooperation. Such an operation would produce up to 2,500 tons of hens a year. Other than this, this company can give around 100 million for poultry meat production and a million egg-laying hens. The industry and organization of the fund for veterans of the Iranian Revolution and the poor are displaying various consumer goods and industrial equipment. This organization, which unites more than 140 production companies, is directed at supporting a significant number of the needy and invalids with its money.

This exhibit differs from the two preceding exhibits in its assortment of goods. If in past years the agricultural sector was emphasized, now Iran's businessmen are displaying their machine production capabilities especially broadly. Many of the companies and firms are promoting trucks, bulldozers, buses and light automobiles for Turkmenistan; their production has been done by firms in Iran in collaboration with Western companies.

According to specialists from both countries, the present exhibit will be a new contribution to further widen mutually profitable ties. The opening of simplified border crossing points, the construction of roads, and the railroad from Turkmenistan to Iran will help to a great extent in the movement of goods.

Consulate in Mazar-i Sherif Begins Work

944K0093B Ashgabat TURKMENISTAN in Turkmen
27 Aug 93 p 1

[Article by Turkmen Press: "Consulate Begins Work"]

[Text] The ceremony on the opening of Turkmenistan's consulate in the Afghanistan Islamic State took place in Mazar-i Sherif. Turkmenistan's Deputy Minister of Foreign Affairs B. Berdiyev, Commander of the Border Troops A. Kabulov and representatives of the Afghanistan central government and of local administrations for Afghanistan's northern provinces took part in it.

By decree of President S. A. Niyazov, Bekmyrat Ballyyev, who had been working in the country's Ministry of Internal Affairs earlier, was appointed Turkmenistan's consul in Mazar-i Sherif. Five of Afghanistan's northern provinces are within the scope of the consulate: Gunduz, Balkh, Shuzjan, Faryab and Sarypol. Turkmenistan is providing technical aid to these provinces, especially road construction machinery and equipment and materials for the gasification of populated points while at the same time undertaking drilling and local geophysical surveys. It is also providing multifaceted aid to other provinces of Afghanistan.

Representatives of Turkmenians residing in Afghanistan's north received the opening of Turkmenistan's consulate with joy. When they met with Consul B. Ballyyev, they expressed their satisfaction with the growth of mutually profitable economic cooperation between the two countries. They supported the domestic and foreign policies of Turkmenistan's leadership.

Consul B. Ballyyev told the Turkmen Press correspondent: "Afghanistan's representatives wished to add their heartfelt gratitude to Turkmenistan's President S. A. Niyazov for the help he is giving to the Afghan people in reviving their ruined economy. They said that Afghanistan's people will never forget the support given them by their Turkmen brothers during a difficult time for the suffering Afghan country."

Turkmenistan, Turkey Exchange Specialists for Training

944K0093A Ashgabat WATAN in Turkmen
9 Sep 93 p 1

[Article by Turkmen Press: "Turkmen-Turkish Relations at a New Stage"]

[Text] Today Turkmenistan's President S. A. Niyazov received the Turkish Republic's Ambassador Extraordinary and Plenipotentiary to Turkmenistan Selcuk Incesuvy and the embassy's Military Attache Erdal Boluk.

In the course of a lengthy talk, both sides evaluated the level of Turkmen-Turkish relations in the political, economic, and cultural sectors to be high. The fact that the development of these relations had quickened was stressed. President S. A. Niyazov expressed his gratitude

to the government of the Turkish Republic for the help it is giving Turkmenistan in the training of specialists for various branches of the economy.

Selcuk Incesuvy told the Turkmen Press correspondent that "relations between our countries will grow even further. Turkey is helping Turkmenistan in the training of cadres, including military cadres. Turkish specialists are building dozens of buildings of cultural and economic importance on Turkmenistan's territory at the present time. The majority of them will remain here up to the day that the Turkmen state celebrates its second year of independence."

Turkmen-Turkish Lycee Opens

944K0093G Ashgabat TURKMENISTAN in Turkmen
4 Sep 93 p 1

[Article by B. Shadurdyeva: "Turkmen-Turkish Lycee Is Opened"]

[Text] On September 13 of this year the Mustafa Kemal Turkmen-Turkish Lycee opened on the basis of the No. 57 school. It is accepting sixty boys and girls who have finished the fifth grade. In accordance with the world educational system classes will be conducted in English, Turkish, and Turkmen. Students will study at the school for seven years. One year of this is a preparatory course. Students knowing the Turkmen language will be accepted into the school no matter what their nationality.

"Our goal in opening this school is to provide our younger generations, who are the future of the Fatherland, with a high level of education and knowledge. We will not stint in our effort to raise them as the beloved heirs of independent Turkmenistan. Only children who can go to the school and do the studies are being accepted. Teachers of high quality coming from Turkey will instruct the students," said Beytullakh Kecheji, director of the school, to a Turkmen Press correspondent. "Classes are held five days a week at the school; on the sixth day, the students will rest. Those completing the school successfully receive the right to continue their studies in Turkey's institutions of higher learning."

Minister on Petroleum, Gas Exploration and Processing

944K0093C Ashgabat TURKMENISTAN in Turkmen
31 Aug 93 p 3

[Interview with Khekim Ishanov, deputy minister of oil and gas, by Juma Shamyradov: "A Talk on Oil Policy"]

[Text] [Editorial Introduction] In April of this year President Saparmyrat Turkmenbashi, with the goal of mastering the minerals and other resources of Balkan Velayat and resolving social issues, established the Balkannebit company of Turkmenistan's Ministry of Oil and Gas on the basis of the Turkmennebit Production Organization, and issued a decree merging the

plants and organizations of the Turkmennebit and Chelekenbitgaz production organizations into one structure. On the basis of our president's decree Khekim Ishanov, Turkmenistan's deputy minister of oil and gas, was appointed to the chairmanship of the Balkannebit company. We talked directly with this man, who well understands the duties of the new ministry. We asked him a few questions.

[Shamyradov] Khekim Orazovich, what kind of duties are before the company?

[Ishanov] As our respected president noted, Turkmenistan must not be tied to anyone in the sector of petroleum products. The Turkmen people must supply their own petroleum. In addition to that, we must be able to add money to the state budget. We came to the conclusion that we cannot drop the level of oil production below that of the past.

I am not about to set forth our difficulties in detail. But you know yourself that our oil technology and equipment is produced in factories in Russia, the Ukraine, Azerbaijan and other countries. These countries have introduced their own currencies into circulation. This has not gone without creating difficulties in our relations to a certain extent. We believe that this situation will correct itself after we have introduced our own national currency into circulation, the manat with strength equal to that of American dollars.

Along with the petroleum products, we will extract more than four milliard cubic meters of gas—sufficient for our own needs.

The supply question is very difficult because some factories are no longer producing the products they sent us earlier. Also, because of customs difficulties and the drop in trade between countries, we must occasionally go without. But despite this, we are not slackening our pace of work and not reducing oil and gas production. Certainly, this is the talk of the day.

Recently our President Saparmyrat Niyazov came to familiarize himself with the life of the population of Balkan Velayat. He examined industrial plants and construction, and met with local people. Our president discussed questions of the development of the oil and gas industry in meetings with oilmen and activists of the velayat. In the course of these discussions, Turkmenistan's Ministry of Petroleum and Gas was established, and Nazar Toylyyevich Soyunov was appointed to head it. The duty of reaching seven million tons of oil production a year by 1995, and ten million tons by 2000 was set before the new ministry. The definite duty of guaranteeing the independence of Turkmenistan's petroleum policy is before it.

Now Turkmenistan is an independent state. Soon celebrations marking the second anniversary of our independence will take place. We have to especially reinforce our independence in an allround manner—in

both the economic and the social sectors. From now until the turn of the century petroleum production will increase significantly.

[Shamyradov] Is it possible to increase oil production significantly?

[Ishanov] Yes, our reserves are rich. As you probably know and have read, we have determined the presence of oil in a number of places in Turkmenistan. Earlier it had been said that gas was in eastern Turkmenistan and oil in the western part of the country. Recently, our geologists and geophysicists have determined the natural wealth in other regions through research and studies. We have to note that the future of western Turkmenistan is tied to the sea. Here there are areas which have yet to be surveyed. We have major oil reserves in places like Cheleken, Gamyshlyja and Akerem. Not only our own scholars, but also foreign companies recognize that this oasis possesses vast wealth. In brief, there is a great deal of oil here.

We are not limited by exploratory work in Western Turkmenistan for the next thirty years. We have also conducted drilling in the central Garagum, in a place called Bokurdak, and also near Tejen. Here we have determined the presence of natural gas. In the last two years the presence of petroleum in other parts of Akhal Velayat has become apparent. As I said, in the oil sector, these areas have a future.

In the Garabogaz sector of Balkan Velayat our oil reserves are immense.

The Amu Derya Basin is known worldwide. Our geologists have been conducting exploratory work there.

I would have to say that Turkmenistan will be able to be self-sufficient in petroleum products within this century.

[Shamyradov] What is the situation of work conducted jointly with foreign countries?

[Ishanov] Taking our guidance from the "open doors" policy of Turkmenistan's president, we are working oil and gas beds on the basis of mutual agreements with foreign companies. The Balkannebit concern is working the Keymir and Akpatlavuk beds together with a firm from Argentina. According to the contract, our goal is to increase oil production 2-2.5 times by 1995.

We also have an agreement with one of the Dutch companies. According to its schedule, we have to extract 360 tons of oil which is under the sea—in the oil beds of Cheleken, Zhdanov and Gubkin. In 1995 we hope to increase the tempo of this work and reach a million tons.

When I mention Cheleken, I have to mention oil finds quite deep in the sea. We have invited foreign companies to do the work on exploiting these beds. The results will be announced in November of this year.

[Shamyradov] Is the work force sufficient at the firm which you head? Are the living conditions adequate?

[Ishanov] In my concern more than twenty thousand men are working. Most of them are doing drilling work, and extracting oil and gas. The men are answering the reform announced by the President not only with words, but with productive work.

You may have heard that we established two enterprises. One of them specializes in agriculture, the other in animal husbandry. Last year we harvested our first grain. We have two thousand hectares in Gazanjyk on which we are growing wheat.

We have more than ten thousand cattle. We plan to expand the herds until the number of cattle reaches 25-30 thousand.

Our men are extracting bentonite in Oglanly. This is the only source in our country. Earlier bentonite was sold as a type of earth. Now the bentonite is processed, and it is marketed in powder form. This will also increase our income.

[Shamyradov] How is the work of providing gas to populated areas going?

[Ishanov] We have a major plant, and our concern has been ordered to bring gas into all the etraps of Balkan Velayat. In 1993 the work of bring gas into four settlements of the velayat—Garadepe, Gamyshlyja, Prichal and Oglanly—was completed. This year we have to supply three etraps with natural gas. An 86 kilometer long gas pipeline has been brought into Asenguly Etrap. Now close to 480 homes are receiving gas. Now a 91 kilometer-long pipeline is under construction between Gumdag and Gazanjyk, of which 55 kilometers have been completed. In short, our goal this year is to bring the gas pipeline into Gazanjyk Etrap. Then an 85-kilometer-long pipeline must be built between Asenguly and Gyzyletrek. We plan on finishing this work in September-October. In 1994 we have to bring gas from Gazanjyk to Gyzyrlybat. From there the natural gas has to flow into Garrygala Etrap. We have already planned bringing the gas pipeline into Turkmenbashi Etrap.

[Shamyradov] What is the situation in solving other social problems?

[Ishanov] The work of building housing is proceeding in two ways. First, housing construction is according to the lease-contract principle: in other words, we are doing it at our own cost. Subsequently, construction will also proceed according to the enterprise principle.

This year six enterprises in Gumdag, four in Prichal and 45 in Nebitdag will be used for the residential housing.

At present 23 kindergartens are operating under subsidies from Balkannebit. Nineteen of them are in Nebitdag, the rest in the villages. The places where the

children are being educated are fully supplied with food and other necessities. This, we are creating no dissatisfaction.

The concern has its own sanatorium where one hundred people a month can rest. The sanatorium has all the amenities so that people see no disadvantage to vacationing here as opposed to other places. We are planning to expand it considerably.

Nebitdag city is the center of our velayat. Thus we intend to build a 60-room hotel of the newest type here.

Other than oil and gas, our velayat has other mineral resources. We have the chance to produce bricks, tiles and porcelain. Thus we have laid the foundations for two factories together with a Turkish company. One of these will manufacture porcelain and china products; we hope to present the first products to the public by December.

I have to say that in the sector of health care. Those with diseases of the bones are taken care of at the Mollagara clinic. The concern has set aside 3.5 million dollars of its own funds for this. In the sector of health care services, we have concluded an agreement with the Ata Yurt company of Turkey. Since we have put our work on the right road, the ill do not need to go a great distance for treatment.

[Shamyradov] We know what a great contribution your concern has made to our national culture and sport. What could you say about this to our readers?

[Ichonov] The people value the work done in this area highly. Our football teams "Nebitchi" and the newly established "Balkanneft" are taking part in the national championship.

Our aviation club is also operating very well. It has twelve planes. There are not few members who are enthusiastic about parachuting. Our youth also take part in boxing. The volleyball team which plays for Balkannebit also appears in competitions in our country.

The concern also supports a dance ensemble and a youth theater. It also has a vocal ensemble, the "Balkan Stars." Its soloist, Devlet Orazgeldiyev, has appeared on television. Recently he performed in the international competition in Almaty, "The Voice of Asia," successfully.

In a word, we are not neglecting questions which emerge in these sectors. Because Turkmenistan is an independent country, it is our obligation to raise its reputation especially high.

[Shamyradov] Thank you for the interview. May success be with you.

[Ichonov] You're welcome.

UZBEKISTAN

Law on Use of Latin Alphabet

Text of Law; Chart

944K0320A Tashkent VATANPARVAR in Russian
19 Oct 93 p 1

[Republic of Uzbekistan law: "On Introduction of the Uzbek Alphabet Based on Latin Graphics," signed by Republic of Uzbekistan President I. Karimov in Tashkent on 2 September 1993]

[Text] The present law, based on the Republic of Uzbekistan Constitution, stemming from the positive experience of the changeover of the Uzbek written language to the Latin graphics in 1929-1940 and taking into consideration the wishes of representatives of the general public, is directed at creating favorable conditions to accelerate the overall progress of the republic and its entry into the system of world communications.

Article 1. The Uzbek alphabet, based on Latin graphics and consisting of the following 31 letters and 1 apostrophe, shall be introduced in the Republic of Uzbekistan:

Article 2. Upon introduction of the Uzbek alphabet based on Latin graphics, the necessary conditions are retained for mastery and use of Arabic graphics and of Cyrillic, in which the priceless spiritual heritage which is the national pride of the people of Uzbekistan has been created.

[Signed] Republic of Uzbekistan President I. Karimov
Tashkent
2 September 1993

Decree on Law's Implementation

944K0320B Tashkent VATANPARVAR in Russian
19 Oct 93 p 3

[Republic of Uzbekistan Supreme Soviet decree: "On the Procedure for Implementation of the Republic of Uzbekistan Law, 'On Introduction of the Uzbek Alphabet Based on Latin Graphics,' signed by Republic of Uzbekistan Supreme Soviet Chairman Sh. Yuldashev in Tashkent on 2 September 1993]

[Text] The Republic of Uzbekistan Supreme Soviet hereby decrees:

1. That the Republic of Uzbekistan law, "On Introduction of the Uzbek Alphabet Based on Latin Graphics," shall be implemented from the date of its publication.
2. That the transition to the new alphabet shall be implemented in stages, with full completion of this work by 1 September 2000.

Лотинча Латинь			Кириллица	Лотинча Латинь			Кириллица
Харфлар Буквы			Кириллица	Харфлар Буквы			Кириллица
Босма Печатн.	Ёзма Прописн.	Талаффу Произн.	Харфлар Буквы	Босма Печатн.	Ёзма Прописн.	Талаффу Произн.	Харфлар Буквы
А а	А а	а	А а	Р р	Р р	ре	Р р
В в	В в	ве	Б б	С с	С с	ес	С с
С с	С с	се	Ц ц	Т т	Т т	те	Т т
Д д	Д д	де	Д д	У у	У у	у	У у
Е е	Е е	е	Э э	В в	В в	ве	В в
Ф ф	Ф ф	еф	Ф ф	Х х	Х х	ха	Х х
Г г	Г г	ге	Г г	У у	У у	уе	Й й
Н н	Н н	не	Х х	З з	З з	зе	З з
Л л	Л л	л	И и				
Ж ж	Ж ж	је (jōra)	Ж ж (жўра)	С с	С с	се	Ч ч
К к	К к	ка	К к	Ў ў	Ў ў	ўа	Ў ў
Л л	Л л	еј	Л л	Џ ѓ	Џ ѓ	је (ajdod)	Ж ж (аждод)
М м	М м	ем	М м	Њ њ	Њ њ	ње	Нг нг
Н н	Н н	ен	Н н	Ќ ќ	Ќ ќ	ќ	Ў ў
О о	О о	о (ota)	О о (ота)	Ѕ ѕ	Ѕ ѕ	ѕе (ōrdak)	Ў ў (ўрдак)
Р р	Р р	ре	П п				Ш ш
Қ қ	Қ қ	қа	Қ қ				

Key: 1 - Latin; 2 - Letters; 3 - Cyrillic; 4 - Printed; 5 - Written; 6 - Pronounced; 7 - Letters; 8 - apostrophe

3. That a Republic State Commission on Introduction of the Uzbek Alphabet Based on Latin Graphics shall be formed (membership appended).

The Republic State Commission:

Within three month's time, shall develop a state program and procedure for a step-by-step transition to the new alphabet in preschool institutions, schools, secondary and higher educational institutions, enterprises, organizations, institutions and public associations, and shall submit this program for ratification to the Republic of Uzbekistan Cabinet of Ministers;

During 1993-1994, shall develop new rules of Uzbek orthography and present them to the Republic of Uzbekistan Cabinet of Ministers for review;

Shall systematically provide republic and local organs of power and administration with methodological and informational aid in the realization of the Republic of Uzbekistan law, "On Introduction of the Uzbek Alphabet Based on Latin Graphics," as well as the present decree;

Shall regularly hear information presented by republic and local organs of administration on the work performed by them on introduction of the new alphabet.

4. The Republic of Uzbekistan Ministry of Public Education, on the basis of the state program and procedure for step-by-step transition to the new alphabet:

Shall develop and ratify a plan of specific measures for ensuring the introduction of the Uzbek alphabet based on Latin graphics;

As of 1 September 1995, shall provide for instruction in the new alphabet in preschool institutions and primary grades of general education schools, and in other classes—the organization of facultative studies.

5. Prior to 1 August 1995, the Republic of Uzbekistan State Committee on the Press shall provide for the publication of textbooks and other instructional aids necessary for the study of the Uzbek alphabet based on Latin graphics.
6. The khokims [district elders] of the rayons and cities, in cooperation with the Republic State Commission, shall create commissions for realization of

the program of step-by-step introduction of the Uzbek alphabet based on Latin graphics.

7. The ministries, state committees, departments and other organs of state and economic administration, and republic organs of public associations shall create special work groups to organize the instruction of their associates in the new alphabet, and shall provide the textbooks, instructional aids and technical means necessary for this, including also at their subordinate enterprises, institutions and organizations.

The expenditures associated with the introduction of the new alphabet shall be borne by the enterprises and organizations from their own funds, regardless of their forms of ownership (with the exception of budget organizations).

8. The Republic of Uzbekistan Cabinet of Ministers:

In the process of formulation of the State Budget for 1994 and subsequent years, shall make provision for the introduction of the new alphabet and the allocation of necessary funds to budget organizations within the Republic of Karakalpakstan, the oblasts and the city of Tashkent;

During 1993-1995, shall resolve first priority problems on material-technical provision of measures associated with the introduction of the Uzbek alphabet based on Latin graphics, and on the organization of facultative study of the new alphabet at enterprises, organizations, farms and educational institutions;

Shall regularly inform the Republic of Uzbekistan Supreme Soviet on the course of implementation of the current decree.

9. The Republic of Uzbekistan Ministry of Justice shall prepare proposals for bringing the effective legislation into line with the law, "On Introduction of the Uzbek Alphabet Based on Latin graphics," and shall submit them to the Republic of Uzbekistan Cabinet of Ministers.
10. From the moment of complete changeover to the new alphabet, i.e., as of 1 September 2000, the Republic of Uzbekistan law of 8 May 1940, "On the Changeover of the Uzbek Written Language From the Latinized to the New Uzbek Alphabet Based on Russian Graphics" (Vedomosti Uzbek SSR Supreme Soviet 1940, No 4) shall be no longer valid.

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